Daily Report

Latin America

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FBIS-LAT-90-181 *18 September 1990*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

CARIBBEAN

Cuba

Aldana Comments on U.S. 'Television Aggression' *[Havana International]* 1
Castro Meets With Outgoing Spanish Envoy *[Madrid EFE]* 1
Special Day Proclaimed for Energy Conservation *[Havana Radio]* 1
Russian Federation Signs Medical Agreement *[Havana Radio]* 1
Haitian Drug Traffickers Sentenced to Prison *[Havana TV]* 2
Malmierca Meets With Angolan Foreign Minister *[Havana International]* 2

Dominican Republic

President Designates Follow-Up Commission *[Santo Domingo Radio]* 2
Majluta on Plans To Become PRI President *[Santo Domingo Radio]* 3

Grenada

Cuba Moves To Recognize Brathwaite Government *[CANA]* 3

Haiti

Voter Registration May Commence 5 October *[Port-au-Prince Radio]* 3
CEP States Position on Role of Citizens Abroad *[Port-au-Prince Radio]* 3
National People's Front Calls for Strike 20 Sep *[Port-au-Prince International]* 4

Jamaica

Prime Minister Addresses Economic, Social Issues *[CANA]* 4
Opposition Leader Criticizes Economic Deregulation *[CANA]* 5

MEXICO

Salinas, Gaviria End First Official Meeting *[Bogota TV]* 6
PRI Critical Current Leader Resigns From Party *[Mexico City TV]* 6
SEMIP Secretary on Oil Policy, Debt Payment *[NOTIMEX]* 6
* Peasant Leader's Lifestyle Discussed *[PROCESO 6 Aug]* 6

CENTRAL AMERICA

El Salvador

FMLN 'Communique' to UN Envoy De Soto *[Radio Venceremos]* 8
FMLN on Interparty Commission Agreements *[San Salvador Radio]* 8
Government, Rebel Talks Yield 'Total Stagnation' *[San Jose Radio]* 9
FMLN Said Willing To Discuss Economic Issues *[AFP]* 9
Assembly Debate on Armed Forces Proposed *[AFP]* 9
FMLN Claims Responsibility for Warehouse Fire *[San Salvador Radio]* 10

Guatemala

President Suffers Accident While Diving *[ACAN]* 10
Gorbachev Congratulates Cerezo on Independence Day *[SIGLO VEINTIUNO 15 Sep]* 10
Las Minas Mountains Called 'Protected Area' *[PRENSA LIBRE 15 Sep]* 10
* National Economic Crisis Worsens 10
  * Government Action, Inaction Hit *[CRONICA 10 Aug]* 10
  * Postal System Collapsing *[PRENSA LIBRE 3 Aug]* 12
  * Towns Face Bankruptcy *[PRENSA LIBRE 9 Aug]* 12
  * Hospitals Face Closure *[SIGLO VEINTIUNO 4 Aug]* 12
  * Hospitals Denied Aid *[PRENSA LIBRE 9 Aug]* 13

Honduras

Callejas Views Budget, Energy, Economic Issues *[Tegucigalpa Radio]* 13
Callejas: Border Issue With Nicaragua Settled *[ACAN]* 21
'Powerful' Bomb Deactivated at PHN Headquarters *[ACAN]* 22
* Economic Reforms, Inflation Hurt People *[LA PRENSA 23 Jul]* 22
* Crisis Affects Health Services, Nutrition *[TIEMPO 27 Jul]* 23

Nicaragua

FSLN Releases 'Message to the Nation' *[BARRICADA 14 Sep]* 23

Panama

Endara Views Gulf Crisis' Economic Consequences *[Panama City Radio]* 24
Linares on 'Compensation' for U.S. Invasion *[LA ESTRELLA DE PANAMA 15 Sep]* 26

SOUTH AMERICA

Argentina

President Menem To Meet Kuwaiti Envoy *[NOTICIAS ARGENTINAS]* 27
  Government Studying Kuwaiti Request *[Buenos Aires TV]* 27
National Grain Board Officials Discuss Sales *[DYN]* 27
Foreign Minister Cavallo Departs for Meeting *[DYN]* 28
  Cavallo Returns From Rio de Janeiro *[TELAM]* 28
Debt With France Normalized, Rescheduled *[TELAM]* 28
World Bank To Give Loan for State Reform *[BUENOS AIRES HERALD 14 Sep]* 28
Government Reports Jobless Rate at 1.3 Million *[BUENOS AIRES HERALD 14 Sep]* 29

Brazil

Secretary Discusses Army Nuclear Project Details *[O GLOBO 16 Sep]* 29
Air Force Projects Include Reactor, Lasers *[O GLOBO 16 Sep]* 30
  Further on Army Reactor Research *[O GLOBO 16 Sep]* 30
  More Than 50 Experts Researching *[O GLOBO 16 Sep]* 31
Spokesman Reports Diplomatic Activities in Iraq *[Brasilia Radio]* 32
Nuclear Waste Reprocessing Technology Mastered *[O GLOBO 16 Sep]* 32
Nuclear Graphite Purification Technique Developed *[O GLOBO 16 Sep]* 33
Admiral Views Plutonium-Uranium Possibilities *[O GLOBO 16 Sep]* 33
Oversight of Nuclear Programs Examined *[O GLOBO 16 Sep]* 34
Navy Looking for Dump Site for Nuclear Waste *[Brasilia Radio]* 35
Timetable For Upcoming Elections Established *[Brasilia Radio]* 35

Chile

FACh Communique Denies Report on Arms Sales *[Santiago TV]* 35
Air Force on Failure To Commemorate 11 Sep *[Santiago Radio]* 35
Pinochet Says 'Plenty of Problems To Discuss' *[Santiago TV]* 36

Minister on Role of Military Institutions *[Santiago TV]* 36
Terrorist 'War Expert,' Leader Arrested *[Santiago Radio]* 36
Judge Orders Arrest of Retired Army Officer *[Santiago Radio]* 36
Communist Youth Leader Gets Telephone Threats *[Santiago Radio]* 36

Colombia

U.S. Asked To Respect Prisoners' Rights *[Bogota Radio]* 37
ELN Denies Responsibility for Missing Reporter *[Bogota TV]* 37
Battle Reports for 20 August - 11 September *[EL TIEMPO 20 Aug, etc]* 37

Paraguay

Plane Carrying 300 Kg of Cocaine Crashes *[Asuncion TV]* 38
President Comments on Drug Seizure *[Asuncion TV]* 38
Medellin Cartel Implicated *[Asuncion TV]* 38

Peru

Transport Minister Returns From Paraguay *[Lima TV]* 39
Shining Path Group Attacks Prison, 2 Die *[Madrid EFE]* 40

Venezuela

Perez on Oil Revenue Surplus, Extra Credit *[Caracas TV]* 40

Guyana

Opposition Blames PNC for Attack on Youths *[CANA]* 41
Army Destroys Ganja Field in Joint Operation *[CANA]* 41

Suriname

France Denies Surinamese Army, Rebel Talks *[Hilversum International]* 42

Cuba

Aldana Comments on U.S. 'Television Aggression'

PA1709173590 Havana International Service in Spanish 0000 GMT 14 Sep 90

[Commentary by Amalia Sanmartino]

[Text] Recently we commented on the ceremony or presentation of awards to several employees engaged in interfering with U.S. television aggression against Cuba. After the ceremony, Carlos Aldana, secretary general of the Communist Party of Cuba, made a detailed analysis of the aggression against Cuba from U.S. territory.

Aldana said that for more than 30 years, radio-electrical activity—together with the economic blockades, attacks, pressure, and threats of all kinds—has been a stable element in the U.S. policy of harassment and hostility toward Cuba. All these years have been plagued with attacks. Now, dissatisfied with the creation of an aggressive radio station, the U.S. Administration has decided to broadcast to our island television programs that they insolently call TV Marti.

Carlos Aldana said that the U.S.—as if it were the royal highness of the planet—wants to decide what television stations the Cubans should watch. However, the last word on Cuban television is not dictated in Washington, but in Cuba. It is dictated by the Cuban people, who remain firm in their loyalty toward themselves, their history, their traditions, their ideals, and their destiny.

All the warnings and recommendations made by Cuba to the U.S. Government to desist from its interventionist plans were ignored. However, Cuba offered the United States the possibility of negotiating an understanding regarding the exchange of programs and television broadcasts. The offers were not accepted. Therefore, the Cuban Revolutionary government, excercising its sovereign rights, decided to jam broadcasts to Cuba. After hard work, technology against technology, as Carlos Aldana said, the Cuban sound engineers were the winners.

At first the jamming was primitive, but soon we will be using a more advanced system. Ten men and three pesos worth of electricity daily will suffice to neutralize the invader's signal. The enormous expense and the frustration will cost the United States.

Castro Meets With Outgoing Spanish Envoy

PA1809033790 Madrid EFE in Spanish 0155 GMT 18 Sep 90

[Text] Havana, 17 Sep (EFE)—Spanish diplomatic sources reported today that Cuban President Fidel Castro met with Spanish Ambassador to Havana Antonio Serrano de Haro on Sunday, 16 September, a few hours before the latter's departure for Madrid, after having concluded his mission in Cuba.

The sources at the Spanish Embassy in Cuba described the meeting, which lasted approximately one hour, as very cordial.

According to the same sources, Castro told Serrano de Haro that the Cuban Government is willing to normalize Spanish-Cuban relations, which deteriorated greatly as a result of the so-called "refugees crisis" that occurred in mid-July.

In addition, three of the nine members of the Special Operations Group (GEO's) of the Spanish police, who guaranteed the embassy's security during the crisis, also left for Madrid.

Gumersindo Rico, who up until now had been the Spanish ambassador in Algiers, will head the Spanish Embassy in Cuba as of the end of this month. Serrano de Haro will be the new Spanish ambassador to Stockholm.

Special Day Proclaimed for Energy Conservation

FL1709235990 Havana Radio Rebelde Network in Spanish 2315 GMT 17 Sep 90

[Telephone report by Leidis Montoyo Faure from the headquarters of the Havana City Communist Party of Cuba on the "Exclusivo" program—live]

[Text] The day of 20 September has been proclaimed special effort day in Havana City. Thus, all centers in the capital should work, as of now, for the maximum conservation of all resources. This was reported at the headquarters of the Havana City Communist Party of Cuba.

Here is some information to give you an idea of what the day of the special effort in Havana City can mean to our economy:

From March through June, Havana conserved a total of 1,700 tons of fuel. I repeat: From March through June, the capital conserved more than 1,000 tons of fuel. This important statistic was attained by conserving as much energy as possible only once a month.

What is required now? Well, each center, worker, member of the mass organizations in the capital and in the country must concentrate on the form and manner in which they can contribute to the maximum conservation of as much energy as possible.

Thursday, 20 September, was today proclaimed special effort day. We are thus called upon to think about how we can contribute to the important task of conservation.

Russian Federation Signs Medical Agreement

FL1709233490 Havana Radio Rebelde Network in Spanish 2303 GMT 17 Sep 90

[From the "Exclusivo" program]

[Text] In Moscow, Cuba and the Russian Federation have signed a bilateral cooperation agreement in the

areas of health and medical sciences. The agreement allows for the mutually beneficial development of different kinds of medicine, including that pertaining to the fight against infant mortality, maternal health, and environmental protection. The agreement also includes the creation of joint enterprises to manufacture different kinds of medical technologies and pharmaceutical products. It also allows for the exchange of specialists.

The document was signed by Jose Ramon Balaguer, Cuban Ambassador to the USSR, and (Nicolay Kirpichenkov), vice minister of health of the Russian Federation.

Balaguer called for the immediate application of everything stated in the agreement. He said that such exchanges are a permanent sign of relations between brothers.

For his part, the Russian vice minister highly praised the content of the protocol, and he commented that several Cuban medications have been successfully tested and can be introduced into the Soviet pharmaceutical market.

The importance the Russian Federation has placed on the signing of this agreement was reflected by the presence at the ceremony of Boris Isayev, vice chairman of the Republic's parliament, who expressed his support for the development of ties with Cuba. The parliamentarian stressed that the present protocol is an irrefutable example of Soviet interest in the use of Cuban medications.

Haitian Drug Traffickers Sentenced to Prison

FL1809023090 Havana Television Service in Spanish 0000 GMT 18 Sep 90

[Text] An Holguin Province court has issued a verdict in the trial against six Haitian crew members accused of being drug traffickers and captured in Cuban jurisdictional waters. The crew of the "Virgin Altagracia" was carrying 1,216 kg of marijuana hidden under the floor of the hold when they were discovered by Moa boarder guards.

[Begin Ricardo Gual recording] The court sentenced the ship's captain, Jeff Alfonsin, to 12 years in prison. Harold Jeff, (Garry George), Andres Jeff, (Andres Saltini), and (Raun Florun) were sentenced to seven years imprisonment in a Cuban penitentiary.

The youngest member of the group, (Garry George Trun) [name as heard], told the tribunal about the turmoil in his country. He also praised Cuba's social system and he expressed his regret for his criminal activity. He and his comrades placed the responsibility for this crime on the ship's captain, Mr. Jeff Alfonsin, for having lied to them about this adventure. Through his defense attorney, (George Trun) asked Cuban authorities to let him reside in Cuba after he fulfills his sentence so that he can study and become useful to society.

These six detainees come from one of the poorest countries in the world with a foreign debt that exceeds $700 million. Eighty-five percent of the six million people of Haiti live in the most inhumane conditions, and over 80 percent of the population is illiterate.

The accused have the right to appeal the sentence to the Supreme People's Tribunal within the time frame established by law. [end recording]

Malmierca Meets With Angolan Foreign Minister

PA1809033890 Havana International Service in Spanish 0000 GMT 18 Sep 90

[Text] Foreign Minister Isidoro Malmierca and Angolan Foreign Minister Pedro de Castro Van Dunem met in Havana today to discuss bilateral ties and the possibility of increasing cooperation between the two countries in various fields.

The Angolan foreign minister spoke about the efforts his government is making to attain peace and the fact that these efforts have been hindered by the constant destabilizing actions of the counterrevolutionary National Union for the Total Independence of Angola.

Malmierca stressed the solidarity and support of the Cuban Government and people for Angola. Pedro de Castro Van Dunem is on an official visit to Cuba at Malmierca's invitation. During the visit, the two foreign ministers will sign cooperation agreements.

Dominican Republic

President Designates Follow-Up Commission

FL1709184590 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 17 Sep 90

[Text] President Joaquin Balaguer has issued a decree establishing a commission to follow up on the agreement signed by the government and representatives of several labor and community organizations on 8 September.

Decree No. 244-90 establishes that the commission will be comprised of Secretaries of State Rafael Bello Andino, Roberto Martinez Villanueva and Hector Perez Reyes, as representatives of the government, while the labor, mass, and community organizations will be represented by Gabriel del Rio, Mariano Negron, Nelsida Marmolejos, Rafael Santos, Ignacio Soto, Juan Pablo Gomez, Jose Bujosa Mieses, William Castillo, Pedro Ciprian, Frank Pena Tapia, Jose Ruiz, and Manuel Felix, as well as Monsignor Agripino Nunez Collado, serving as an expert witness.

The commission's mission is to follow up on the agreement signed by the government and the labor sector that averted the strike announced for last week, as well as to resolve several problems affecting Dominican life.

Majluta on Plans To Become PRI President

FL1709192690 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 17 Sep 90

[Text] Jacobo Majluta has announced that he plans to take over the presidency of the Independent Revolutionary Party, PRI, to resolve the problem created by the resignations of Arturo Martinez Moya and others who had aspired to the post.

All the PRI leaders want me to take over the presidency and I have no problem with that; there is no dispute over the post, Jacobo Majluta, former president and a presidential candidate in the past elections, said.

Majluta said that he will be obliged to take over the presidency of the PRI because this is the best solution to the problem created by the withdrawal of Martinez Moya and the other candidates to the post.

Grenada

Cuba Moves To Recognize Brathwaite Government

FL1709123290 Bridgetown CANA in English 2220 GMT 15 Sep 90

[Report by George Worme]

[Text] St. George's, Grenada, Sept 15, CANA—The cold-shoulder treatment is over and Cuba is trying to woo the six-month old Grenada Government, according to Prime Minister Nicholas Brathwaite. He said he was notified of Cuba's recognition of his government by one of the country's vice-ministers during the recent Caribbean Community (Caricom) heads of government summit meeting in Jamaica.

Grenada had close ties with the leftist People's Revolutionary Government [PRG] here. [sentence as received] After the PRG lost power in a U.S.-backed invasion of the island in 1983, Grenada-Cuba relations soured. Governor-General Sir Paul Scoon expelled all Cuban diplomats from the island soon after the invasion. Since then the Cuban Government has filed two suits against Grenada seeking compensation for damage to a Cubana Airways plane during the invasion, and for several pieces of equipment used in the construction of the Point Salines International Airport. Until recently, Cuba refused to recognised the Grenada Government.

Brathwaite said the Cubans had indicated an interest in discussions with Grenada "over a period of time" on matters of interest. The Cubans suggested the discussions could be held between the ambassadors of both countries to the United Nations, he reported. Brathwaite, however, ruled out the possibility of the Grenada Government exchanging ambassadors with Havana.

He also said that in recent times the Cuban Government has been sending out invitations to the new Grenada Government to attend international meetings especially those pertaining to the Non-Aligned Movement. This is a radical departure from Cuba's policy of challenging Grenada's credentials at international forums on the grounds that the island is a puppet of the United States. Brathwaite said that his government would be guided in its relations with Cuba based on "the mood of the Grenadian people."

Haiti

Voter Registration May Commence 5 October

FL1709155890 Port-au-Prince Radio Nationale in Creole 1300 GMT 14 Sep

[Excerpt] Daniel Bernier, president of the west Electoral Departmental Bureau [BED], in an open letter to mission directors and representatives of various religious sectors in Haiti, asks for their assistance to enable him to organize the forthcoming elections in Haiti. Referring to the assistance the west BED's received from them in the 1987 aborted elections, Bernier asks the mission directors to provide a portion of their premises to set up Bureaus for Registration and Vote [BIV's] where the registration operations scheduled for next 5 October will take place.

Moreover, Bernier says that if all the promises to give money to the Provisional Electoral Council are kept, voter registration will begin, as scheduled, on 5 October. That is a statement by the west BED's president, Daniel Bernier in an interview with Louis Seize Frantz. [passage omitted]

CEP States Position on Role of Citizens Abroad

FL1709185190 Port-au-Prince Radio Haiti-Inter in Creole 2000 GMT 14 Sep 90

[Excerpts] [Passage omitted] The Provisional Electoral Council [CEP] regrets that a large sector of the Haitian people cannot participate in the elections, as prescribed by the Constitution and the electoral law. The CEP was referring to the Haitians living abroad who are concerned because they cannot take part in the electoral process. [passage omitted].

The CEP said that the elections must be held with the resources that the country and the CEP have available. Although those resources are limited, the CEP is not giving up. The CEP is asking the Haitian people to prepare themselves to overcome this deadlock in a suitable manner.

There are three stones in the fire that hold up the pot in which the food cooks. The food is the elections. If these three stones fail, there are many problems that we may not be able to avoid. The CEP is aware that only two of the stones can participate in the current elections, in conformity with the Constitution; those Haitians living in the cities and those living in the provinces. Those Haitians living abroad are not part of them. However,

those people must not forget that they can be an important support and should always be available whenever needed. It is our own, sure resource that can help us to become independent. That third element, the other stone in our fire, is necessary today not only for elections but also tomorrow for other work to be done in the country. [passage omitted]

The CEP announces to all of those concerned about the electoral matters that the CEP is determined to gather those three forces that form the basis of the country. The pot is now shaking, but is not boiling. Unfounded accusations and name-calling will not solve the problem. Until we get our own resources to solve the problems, we must confront all the difficulties that arise with patience and avoid division. [passage omitted]

National People's Front Calls for Strike 20 Sep

FL1709164390 Port-au-Prince Radio Antilles Internationales in Creole 1030 GMT 17 Sep 90

[Text] The National People's Front [FNP] calls for a general strike on Thursday, 20 September. According to a press release we have received in the newsroom at Radio Antilles Internationales, FNP announces that it is organizing this strike to demand that the provisional President Ertha Pascal Trouillot leave, to protest against insecurity, the high cost of living, and the unchallenged presence of Dr. Roger Lafontant [former interior minister of Jean-Claude Duvalier] and General Williams Regala [former interior minister of President Henry Namphy] in the country.

Jamaica

Prime Minister Addresses Economic, Social Issues

FL1709134590 Bridgetown CANA in English 2051 GMT 16 Sep 90

[Text] Kingston, Jamaica, Sept 16, CANA—The Jamaica Government on Sunday promised monopoly-busting laws, a speeding up of the divestment of state businesses, and "new assaults" on violent crime and corruption. But it offered no relief from a 12.5 per cent wage ceiling, tight credit, and high interest rates.

In a speech prepared for delivery Sunday night, Prime Minister Michael Manley said: "We know perfectly well that a time must come when wages will reflect the free play of forces in collective bargaining.

"We know perfectly well that tight credit and high interest rates make it difficult to expand business.

"On the other hand, we have to be very careful not to turn over the apple cart by hasty actions."

In a national address one week before resuming full public duty after prostate gland surgery in the United States, Manley said that with the supply of foreign exchange short, Jamaica had to keep the dollar under the tightest control. Failing this, they "could end up in a disaster where the rate of exchange falls to impossibly low levels."

"...Difficult as it is," he added, "we have to maintain the control of demand through wage guidelines, tight credit, and high interest rates which hurt everyone, from the worker to the businessman."

Manley spoke against the backdrop of moves to deregulate the Jamaican economy—starting with the petroleum industry and foreign exchange markets this month—and a series of price increases, including water and sewerage rates.

"The government must put in place the mechanisms that will protect consumers against cartels, monopolistic practices, and secret agreements to take unfair advantage of the consumer in the new situation," Manley said.

"These laws create the power to investigate and stop monopolistic practices and price-fixing by forms of conspiracy," he explained.

Manley said his government, pressing ahead with "a new direction," would focus attention on five other areas.

1. Government must put its own house in order so that it reflects a re-definition of its role. For example, he said, the divestment programme "must be attacked with renewed energy."

2. Government had to speed up implementation of the reforms within the civil service to raise efficiency and accountability at all levels.

3. It "will have to work in the closest harmony with the private sector.... to ensure that there is an expansion of production as quickly as possible."

4. Government had to redouble efforts at law enforcement.

5. It would have to tackle violent crime and corruption.

"Violent crime and corruption are often the two sides of a single coin," Manley said.

"No country has a future if it has lost the battle for security and given up the struggle for integrity.

"Certainly we will never achieve a vision of justice and equality if crime and corruption erode the base of the civic decency upon which all successful and dynamic societies must rest.

"We are going to launch new assaults in these areas which will require your help. Everyone of you who turns a blind eye to corruption, or withholds information from the police regarding big or small criminal activity, is helping to perpetuate these scourges which can destroy Jamaica."

Manley complained that Jamaica had "failed throughout the 70's and 80's to roll with the punch of adversity and find the way to economic growth."

Twenty-eight years after political independence of Britain, the value of the dollar was seven times lower against the American currency, imports amounted to 72 per cent of all the goods and services that make up the Jamaican economy,

and the country was spending 40-50 per cent of every dollar it is expecting to earn to service its debt.

(Jamaica expects to earn between U.S. 1,300 million dollars and U.S. 1,400 million from exports, it will have to pay, Manley said, U.S. 65 million dollars to service the debt.)

The Jamaica leader said his People's National Party government has decided to end stop-gap policies "which have got us nowhere while they undermine our faith in the future and in ourselves."

"We are making a radical change in direction which will, among other things, involve the free play of market forces in the determination of prices."

He gave the private sector a high profile in the new economic initiatives.

"...The state is not ideally suited to create additional production through direct investment in productive activity," he said. The private sector, he added, was "the only means to dynamic increases in the production of goods and services."

Opposition Leader Criticizes Economic Deregulation

FL1809005490 Bridgetown CANA in English 2203 GMT 17 Sep 90

[Text] Kingston, Jamaica, Sept 17, CANA—Opposition leader Edward Seaga has charged that the government has deregulated certain sections of the economy in order to remove the blame from itself when things start going awry.

Speaking at a fund-raising dinner over the weekend, the former prime minister forecast there will be a continuous round of devaluations if the government is unable to contain the black market and capital flight. Seaga said the black market and capital flight had been created by a lack of confidence in the ability of the government to manage the affairs of the country. Seaga said that unless the black market and capital flight came to a complete and immediate stop, there would be a shortage of foreign exchange and continuous rounds of devaluation.

"We must ask ourselves the question: what new measures have been taken and announced to ensure that the new regulations will provide that missing U.S.260 million and U.S.300 million dollars which have flowed into the black market and into capital flight? The only new initiative that has been announced is that the foreign exchange requirement will be bought from the banks instead of the BOJ [Bank of Jamaica]," he said.

The fact is that after the government takes its share from the banking community of some U.S.300 million dollars, the banks are going to provide for the rest of the private sector, Seaga said.

"To remove your hands from the control at a time of crisis is not deregulation. It is abdication," Seaga charged.

Salinas, Gaviria End First Official Meeting

PA1709225490 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 17 Sep 90

[Text] Colombian President Cesar Gaviria and Mexican President Carlos Salinas de Gortari ended their first official meeting in Mexico City a few minutes ago.

The two presidents signed several economic cooperation agreements. The Colombian and Mexican presidents will also discuss oil prices and the struggle against drug trafficking, both topics on their agenda.

President Gaviria met with his Mexican counterpart Carlos Salinas de Gortari at the National Palace in Mexico City. For nearly an hour, the two presidents exchanged viewpoints regarding drug trafficking and cooperation to implement economic development plans in the future.

Meanwhile, the two countries' delegations discussed bilateral issues and signed the first bilateral cooperation agreement. After that, President Gaviria was declared the guest of honor during a solemn ceremony at City Hall.

At this moment, the two presidents are placing a wreath at the monument known as the Homeland's Altar. At 1500, the two presidents will have lunch at the Los Pinos Presidential Residence.

President Gaviria reiterated his willingness to give more importance to the presence of the Group of Three in the Caribbean region, and he pointed out that Mexico and Colombia will conduct important oil and hydroelectric development projects over the next few months.

Gaviria Trujillo will participate in several social events this evening and will return to Colombia early tomorrow morning.

PRI Critical Current Leader Resigns From Party

PA1509033090 Mexico City XHTV Television in Spanish 0200 GMT 14 Sep 90

[Text] Rodolfo Gonzalez Guevara, leader of the self-styled Critical Current of the PRI [Institutional Revolutionary Party], announced his resignation from the party today.

In a letter he sent to his district president, which was also read at a news conference, Gonzalez Guevara asked that his resignation be recorded in the PRI lists.

[Begin Gonzalez recording] As of today, I will no longer be a member of the PRI. I am announcing my resignation from the party in this letter. [end recording]

Gonzalez Guevara, a PRI member for 44 years, was a federal deputy twice and a leader of the Federal Chamber of Deputies once. He was also an under secretary of patrimony [subsecretario de patrimonio], under government secretary, Mexican ambassador to Spain, and president of the PRI National Executive Committee during the presidential campaign of President Gustavo Diaz Ordaz.

The former PRI member said he would continue as coordinator of the so-called Critical Current. Gonzalez Guevara said he is not planning to create a new political party or join an existing party.

He criticized the National Executive Committee of the PRD [Party of the Democratic Revolution], said the PPS [Popular Socialist Party] had moved away from the ideals of Lombardo Toledano, and described the PARM [Authentic Party of the Mexican Revolution] as a dull and lifeless party.

SEMIP Secretary on Oil Policy, Debt Payment

PA1709192590 Mexico City NOTIMEX in Spanish 2028 GMT 16 Sep 90

[Text] Mexico City, 16 Sep (NOTIMEX)—Fernando Hiriart, Mexican secretary of Energy, Mines, and Parastate Industry (SEMIP), has asserted that by no means will Mexico change its oil policy this year.

Hiriart has stated that this means that the fluctuation in oil prices will by no means affect the country's oil policy. In addition, he indicated that there are no plans to upgrade any of the existing oil facilities or to begin new projects during what remains of this year.

In an interview granted during a military parade to celebrate the 180th anniversary of Mexico's independence, Hiriart said that the resources obtained from oil sales so far this year would be invested in social work and in activities to support the solidarity plan.

Fernando Hiriart added that over the past five years, existing oil reserves have significantly decreased, yet no decision has been made as to whether oil exploration will be intensified.

The SEMIP secretary said that the Pemex [Mexican Petroleum] investment budget for this year will remain stable. Hiriart admitted that there is need for more money and said that something will probably be done about that next year.

Regarding the letter signed between Mexico and the IMF which establishes that if oil is sold at a certain price, part of the profit will be used to pay off the debt, Hiriart said that if prices exceed a certain amount in 1997, at the latest, the third part [not further explained] would be used to accelerate payment of the debt.

In addition, the SEMIP secretary said that, for the time being, there are no plans to build new nuclear power plants and that the Laguna Verde Nuclear Power Plant is one of the best of its kind and that its safety has been guaranteed.

As for the new unleaded gasoline, Hiriart has indicated that there are plans to generalize its marketing, because the environme..tal pollution caused by cars is a very complex problem that requires a prompt solution.

* Peasant Leader's Lifestyle Discussed

90CA0115A Mexico City PROCESO in Spanish No 718 6 Aug 90 pp 32-33

[Article by Guillermo Correa]

[Text] Cesar del Angel is a peasant leader who keeps up with modern times. For example, he lives in an expensive luxury

apartment in the Zona Rosa, at 48-503 Praga Street. There, he plans the mobilizations which, under the aegis of PRI [Institutional Revolutionary Party], have brought him notoriety during the past few days.

He presumes that his organization, the 400 Pueblos National Movement, is stronger than ever, is not protected by anyone, and is striving "to change the situation."

A native of Tuxpan, he told the region's peasants: "We will see each other in Poza Rica on 17 July." And after that date nearly 20,000 held a march to the Federal District. There were over 370 km for them to cover in 12 days. The purpose was reportedly to demand the turnover of 80,000 hectares in various parts of the country.

Many of them, tired, hungry, or ill, deserted along the way. Those who arrived in the capital attended a rally "of support for and solidarity with President Carlos Salinas de Gortari," and were later forced to return without definitive solutions to their demands. According to Cesar del Angel, it cost about five billion pesos to mobilize that many people (more for political than for agrarian reasons).

Gathered on the concourse facing the PRI headquarters, the peasants had to put up with a speech by the secretary general, Rafael Rodriguez Barrera, former secretary of agrarian reform. In addition to inviting them to that organization's 14th national assembly, he embarked on a criticism of the work done by the agency that he had recently headed.

Then Del Angel declared, "With movements such as this, we are also engaging in politics," after having denied that the march was aimed at ensuring him another federal deputy's seat. He claimed to consider that too modest, "because the peasants aspire to more." The marchers' transportation to their places of origin was paid for by PRI and the Federal District Department's Public Autotransport Directorate.

Del Angel began his career in PRI. Tall and heavy-set, almost always wearing a beard, the 400 Pueblos leader was accused on 20 August 1967 of the massacre of copra workers in Guerrero. At that time he was a deputy and aide to the leader of the National Peasant Confederation (CNC), Amador Hernandez. The toll was 22 deaths with over 150 injured, one of the latter being Del Angel himself, who managed to escape. After his capture, he spent two years in the Chilpancingo jail.

Since then the leader has jumped from one party to another. He was a deputy representing Rafael Aguilar Talamantes' PST [Socialist Workers Party]. Then he shifted to Pablo Gomez' PSUM [Unified Socialist Party of Mexico]. Halfway through the election campaign, he left Cuauhtemoc Cardenas in the lurch and moved to PFCRN [Party of the Cardenist Front for National Reconstruction], better known as "the railroad." He backed Carlos Salinas de Gortari, and since this administration has become a PRI member again.

Angel Alvaro Pena, press chief for the 400 Pueblos National Movement and former director of presidential tours under Jose Lopez Portillo, claims that all the criticism made of its leader is untrue. In the first place, "the mobilization did solve the peasants' problems."

He explains: "On 20 October of last year we signed a conciliatory agreement with the agrarian reform secretary, Victor Cervera Pacheco, in the president's presence. The reason is that our records date back at least 40 years. They have never been expedited, and that was the motive for the peasant march: to exert pressure. If Salinas de Gortari asks the bureaucrats to leave their luxurious offices they must be forced to do so. Of course, we knew that the land was not going to be turned over in a day. But now there is another commitment, in writing and signed by Carlos Hank Gonzalez of SARH [Secretariat of Agriculture and Water Resources], Cervera Pacheco of SRA [Secretariat of Agrarian Reform], and the legal department of the Secretariat of the Interior.

"The first meeting was held on Thursday, 26 July, and the interior secretary, Fernando Gutierrez Barrios, was present. On that occasion the deadlines were set for solving the problems. The maximum period is a year, and the largest parcel includes the state of Veracruz. The governor attended the meeting."

As for the financing of the march: "We are economically self-sufficient. The peasants pay us dues, and the cost of the mobilizations is defrayed by them. We make a head count every third day, and I must tell you that there are orange producers, for example, in Alamo, who have already made their payments cultivating only one hectare. Of course there are many who are poor; but no one is financing us, and therefore we speak with our heads held high."

Alvaro Pena claims that the agrarian reform secretary is a "presumptuous bureaucrat"; and, as for the violence surrounding Cesar del Angel's actions, he argues that mistakes have sometimes been made. For example, he relates that, this year, Hank Gonzalez told the cattlemen that he would transfer the experimental fields located in Veracruz to them. The settlement of Martinez de la Torre has one with 500 hectares. "It is the La Soledad ranch, which was owned by former President Manuel Avila Camacho, and on which we have a presidential resolution in our favor. On 5 May we decided to invade it. A day later, when the pope arrived, the police showed up. They repressed us. The armed confrontation resulted in the deaths of six agents and a peasant from our side. We now realize that it was a mistake to have barged into the property."

Why does Cesar del Angel change his political organization so often? His press chief says: "Because we make use of the parties and, since we know that they are always taking advantage of the peasants, what we are trying to do is to act in the opposite way."

He claims that "modern" peasant leaders may be entitled to live in the Zona Rosa. "Do you think that we are going to be equal? I live in Del Valle. I am a petit-bourgeois leader, and it bothers them because they want to view us as outsiders: with our nopal, sombrero, and huaraches. He rents. Yes, it is an expensive place, but he does not have a meter of land, just a 1982 Ford pickup truck, one of the long kind, and a Dart. We never robbed stores during the march, as was claimed. I did sleep at La Joya, a four-star hotel; he did not. And yes, rich people came, wearing dark glasses, because there are some in the organization."

El Salvador

FMLN 'Communique' to UN Envoy De Soto

PA1709201790 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 17 Sep 90

[Communique issued by the Negotiating Commission of the Farabundo Marti National Liberation Front to UN envoy Alvaro de Soto and signed by Commanders Jorge Shafik Handal and Francisco Jovel in San Jose, Costa Rica on 13 September]

[Text] Mr. Alvaro de Soto, representative of the UN Secretary General:

1. The FMLN most vigorously protests the violation by the Salvadoran Government and its Armed Forces of the human rights agreement they signed on 26 July. They kidnapped 52 political prisoners at the Mariona Penal Center, in Mejicanos Jurisdiction, at 2230 on 20 August.

Combined units of the 1st Brigade and officials of the penal center, with the complicity of penal center Director William Orantes, unexpectedly stormed into the prisoners' cells, physically abused some of them, and, without explanation or legal reason, took them out of the center and, hidden in the darkness, transported them in separate groups to various points of the country.

The prisoners' disappearance has obviously caused distress and anguish among their mothers, children, spouses, and relatives, who, expecting the worst, as is common in such cases, have started an arduous search from jail to jail and from hospitals to ministries. The authorities have refused to tell them anything about the prisoners' whereabouts and did not even greet them in their offices, as was the case with Justice Minister Santamaria.

It was not until nongovernmental humanitarian organizations discovered their whereabouts that it was known that some of the prisoners were transferred to several other penal centers. The whereabouts of some of the prisoners, however, is still unknown.

2. Dr. Oscar Alfredo Santamaria—who heads the country's penitentiary system through the General Directorate of Penal Centers in his capacity as justice minister and who is also the head of the Salvadoran Government's Negotiating Commission and a signatory of the human rights agreement—is morally and politically obliged to prevent such violations and, as the case may be, resolve the cases and severely punish the perpetrators. He has, however, done neither in this case. Quite the contrary, he is acting as an accomplice by saying nothing; he is covering up such violations, promoting them, and encouraging impunity.

3. The FMLN believes that these actions once again reflect the country's human rights situation and the government's lack of willingness to comply with the agreement it signed. This is why we reiterate our firm protest and demand that Dr. Santamaria clarify who authorized the kidnapping of the prisoners and reveal the whereabouts of those who have not yet been found.

For the FMLN Negotiating Commission:

Jorge Shafik Handal and Francisco Jovel

San Jose, Costa Rica

13 September 1990

FMLN on Interparty Commission Agreements

PA1709203290 San Salvador Radio Cadena Horizontes in Spanish 1200 GMT 17 Sep 90

["Declaration" issued by the Farabundo Marti National Liberation Front's General Command in El Salvador on 16 September—read by Miguel Saenz of the FMLN]

[Text] We are very pleased to read and make public the FMLN's declaration on the agreements reached by the Interparty Commission on electoral reform. Regarding the agreements reached by the political parties on electoral matters, the FMLN General Command reports to the Salvadoran people and the international community:

1. These agreements constitute an important achievement by the opposition political parties within the framework of the national dialogue made possible by the people's struggle and the Geneva agreement. The FMLN will monitor compliance with these commitments.

2. We support the political parties' interest in these agreements being immediately implemented to avoid the procrastination and intransigency of the government and its Armed Forces on the negotiations with the FMLN. We demand that the Legislative Assembly approve, as soon as possible, the amendments to the Electoral Code that stem from the Interparty Commission's agreements.

3. The reforms to the electoral system agreed upon by the political parties so far have been by consensus and do not mark the end of the reforms needed by the electoral system to ensure truly free and democratic elections.

4. To immediately implement the agreements of the Interparty Commission on electoral matters, the FMLN demands that the government stop all forms of interference, repression, and intimidation against the country's political parties and social groups.

5. We also demand that documents be immediately issued to all those repatriated and the residents of the areas in conflict, in keeping with the human rights agreement signed by the FMLN and the government in July. This is a legitimate right of the population that would also ensure that they will not be excluded from the electoral process.

6. The FMLN reaffirms that without a solution to the Armed Forces issue, there will be no democratic conditions for holding genuinely free and honest elections. To achieve this goal, the people's struggle and the efforts of

the entire nation to achieve demilitarization must be added to the parties' consensus.

FMLN General Command

El Salvador, 16 September 1990

Government, Rebel Talks Yield 'Total Stagnation'

PA1809021090 San Jose Radio Reloj in Spanish 0114 GMT 18 Sep 90

[Text] Five days of negotiations between the Salvadoran guerrillas and Government have produced total stagnation. The negotiations began on 11 September. The Armed Forces issue, which is viewed as extremely sensitive, has kept the two sides apart. No progress has been made in the talks in which a cease-fire had been scheduled for 15 September.

UN mediator Alvaro de Soto has not been able to promote the similar viewpoints needed to attain peace for the Salvadoran people.

The conflicting positions are preventing progress in the talks between the Farabundo Marti National Liberation Front and the government of Salvadoran President Alfredo Cristiani.

The guerrillas have accused the government of intransigent positions, and the government has accused the guerrillas of being inflexible.

Costa Rican Foreign Minister Bernd Niehaus said this afternoon that he is sad that there has been no progress during this round of negotiations. Three rounds of negotiations have been held in our country over the past three months.

FMLN Said Willing To Discuss Economic Issues

PA1809030290 Paris AFP in Spanish 2120 GMT 17 Aug 90

[Text] San Jose, 17 Sep (AFP)—The Farabundo Marti National Liberation Front [FMLN] delegation, engaged in peace talks with the Salvadoran Government in the Costa Rican capital, announced today that it is prepared to discuss social and economic issues to unclog the dialogue.

Since it has been impossible to reach an agreement on the Armed Forces issue, guerrilla Commander Francisco Jovel (Roberto Roca) said that he will propose discussing the other two issues to allow the meeting, scheduled to end tomorrow, to "be fruitful."

Salvadoran Justice Minister Oscar Santamaria, head of the government delegation at the talks, has said that the economic issue would be discussed at the right time and noted that his government would like to reach "at least a partial agreement" on the Armed Forces issue.

The economic issue is included on the agenda drafted by the two sides in Caracas, Venezuela in May. The economic issue calls for satisfying the demands of the workers and very small businessmen. Jovel said: "We are going to look at other points; we are going to look for ways to make the dialogue fruitful. Our side is interested in that."

Jovel noted that "it is difficult" to reach agreements on the military issue. He said earlier: "Everybody realizes that negotiations on this issue are very complex," and he said that the biggest obstacle to significant progress is "the need for resolving fundamental problems, such as the impunity that military people who have violated human rights enjoy."

If the economic issue is discussed at the negotiating table, progress could be made on that point, which is of "great importance" because of the grave economic crisis suffocating the country, the guerrilla commander said.

The proposal will be based on four points, including economic measures, the labor situation, the social issue, and matters related to the very small, small, and medium-size enterprises.

Regarding the economic measures that have negatively affected the majority of the Salvadoran people, the FMLN is expected to search for agreements on salaries, prices, and reforms that would benefit the people.

Based on appeals from labor organizations, the guerrillas are trying to secure for "the workers the right to freely organize themselves." In the social field, the guerrillas want to promote housing, health services, and education.

Rebel sources have indicated that the FMLN proposal calls for the development of small businessmen.

Assembly Debate on Armed Forces Proposed

PA1809043790 Paris AFP in Spanish 0340 GMT 18 Sep 90

[Text] San Jose, 17 Sep (AFP)—A spokesman for the Salvadoran rebel delegation that is attending the round of talks in San Jose, Costa Rica, has reported that the Salvadoran Government and guerrilla movement will continue the Salvadoran peace negotiations in Mexico City next month.

According to statements by Salvador Samayoa, Farabundo Marti National Liberation Front (FMLN) representative, the government and guerrilla delegations will conclude the seventh round of negotiations in San Jose at noon on Tuesday, 18 September, without having made any progress on the various points of the agenda, which include the Armed Forces issue.

Meanwhile, in a news conference held this evening, UN representative and mediator Alvaro de Soto stated that the United Nations could draft a proposal to try to attain peace in El Salvador.

Similarly, De Soto revealed that a FMLN delegation will travel to the United Nations, which begins its annual General Assembly meeting this week, to present the rebel position on the Salvadoran conflict.

De Soto said that he will not feel fulfilled until a peace agreement in El Salvador is reached. Over 70,000 people have died in El Salvador as a result of the war during the last 10 years.

In addition, it was stated that the Salvadoran guerrilla movement today proposed that the government hold a debate on the Armed Forces issue at the Salvadoran Legislative Assembly, and it committed itself to calling a truce to create a favorable atmosphere for the debate.

FMLN Claims Responsibility for Warehouse Fire

PA1709161090 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 17 Sep 90

[Text] The FMLN [Farabundo Marti National Liberation Front] Modesto Ramirez urban commandoes have claimed responsibility for the fire on 16 September at a warehouse of the Treasury Police general or central headquarters, where weapons seized from the guerrillas were kept. In a telephone call to the YSKL news center, the urban commandoes also claimed responsibility for an attack on the military security academy installations located on the El Espino farm. The Armed Forces Press Committee says that it has not been informed of the incidents.

Guatemala

President Suffers Accident While Diving

PA1709223690 Panama City ACAN in Spanish 2148 GMT 17 Sep 90

[Text] Guatemala City, 17 Sep (ACAN-EFE)—Guatemalan President Vinicio Cerezo suffered a small accident in the Pacific Ocean when one of his two oxygen tanks failed while he was diving, the newscast "Tele-Prensa" reported today.

The source stated that the Christian Democratic president was rescued by presidential staff officials, who had accompanied him, and was taken to the "Odiseo" yacht, which he owns.

The president, who had left the mainland to rest in his boat in the Pacific, will return to the capital tomorrow, Tuesday, and again take up his duties, the "Tele-Prensa" newscast reported.

The accident report could not be confirmed by government sources because of the holidays to celebrate the 169th anniversary of independence from the Spanish crown.

Gorbachev Congratulates Cerezo on Independence Day

PA1809001490 Guatemala City SIGLO VEINTIUNO in Spanish 15 Sep 90 p 3

[Text] In a message sent to President Vinicio Cerezo Arevalo on the 169th anniversary of our independence, Mikhail Gorbachev, chairman of the Supreme Soviet, offered best wishes for peace and happiness to the Guatemalan people.

The message was received by the chief of the Guatemalan permanent mission to the United Nations, Francisco Villagran de Leon, who immediately sent it to the Guatemalan Foreign Ministry.

The message, which was received on 14 September, is dated 15 September from the Kremlin in Moscow and reads as follows: "On the occasion of the national holiday of the Republic of Guatemala—the 169th anniversary of the independence—I would like to express to you Mr. President, and to the entire Guatemalan people, my congratulations and best wishes for peace and happiness." The message is signed by Mikhail Gorbachev.

Las Minas Mountains Called 'Protected Area'

PA1809001390 Guatemala City PRENSA LIBRE in Spanish 15 Sep 90 p 7

[Text] The Congress of the Republic approved yesterday in a third session a decree declaring Las Minas Mountain Range a protected area. This leaves pending only the approval by articles and a final draft, which will be completed next week.

Following the favorable report by the Environmental Commission of Congress, the draft was discussed in a third session. Showing their willingness to preserve the area, the deputies approved it without any opposition.

Through the provisions of this decree which will become a law, the state will protect Las Minas Mountain Range, which includes part of Alta and Baja Verapaz, El Progreso, Izabal, and Zacapa.

* National Economic Crisis Worsens

* Government Action, Inaction Hit

90CA0110A Guatemala City CRONICA in Spanish 10 Aug 90 pp 12-19

[Excerpts] Although the national economy reveals more leaks and damage than the plumbing of an old house, Vinicio Cerezo's government has not committed itself to providing definitive solutions to the problems. Instead, blunders abound. The Christian democratic administration, through the Ministry of Finance, the Bank of Guatemala, and the Congress of the Republic, is trying to overcast what requires suturing.

The symptoms of disaster can be seen everywhere. For some time now, no service has been provided in the national hospitals other than the labor of the doctors. There are not

enough budget funds to cover medications, and patients must even pay for the syringes used for their injections.

The economy of the Guatemalan citizen has been "dollarized," because our national currency does not represent a stable measure of value. On this account, importers and contractors prefer to offer their goods and services for sale in dollars. Only in this way can they protect themselves against the steady decline in the purchasing power of the quetzal.

Meanwhile, Francisco Pinto, who heads the Ministry of Finance; Lizardo Sosa, president of the Bank of Guatemala; and Marco Antonio Dardon, president of the Congress, have been the protagonists in the most recent blunders made by the Christian democratic administration. A short five months after taking office, Vinicio Cerezo's government team is making one foolish move after another, stumbling at every step. [passage omitted]

The worst leaks in the economy are to be found in the fiscal pipeline. And it is to Francisco Pinto, the minister in this branch, that the responsibility for blocking the holes through which the funds are escaping falls.

The much publicized austerity of the Christian democratic government has been a matter of words alone. Last June, the central administration closed its books with a budget deficit of more than 107 million quetzales for that month alone. The Ministry of Finance, to which CRONICA turned in search of more recent figures in this connection, prefers not to release this information. However, this figure suggests that the fiscal deficit is much too large to be covered by the small surplus of five million quetzales reported as the tax collection total for the month of April. Not to speak of the fact that investment expenditures have practically been frozen, and that the only sums being paid out are for operational expendituress, including the wages of the employees involved in the public works projects which have come to a halt.

Danilo Midence, the president of the Guatemalan Construction Contractors' Association, says that the entire public works sector is tied to foreign financing, mainly through the Interamerican Development Bank (IDB), and, he says, the problem comes down to the failure of Guatemala to pay up. "The IDB has sent a letter to the government recommending that it cut back on a series of projects, because Guatemala is in arrears, and there is no way it can pay," Midence says.

The floating debt has now surpassed 300 million quetzales, not including the subsidies, which at the end of this year will have reached some 295 million quetzales for electrical energy, fuels, and transportation. Moreover, it is necessary to add in the operational and capital transfers, estimated at 780 million quetzales, including the payment of eight percent to the municipalities, the University of San Carlos, the Autonomous Athletic Confederation of Guatemala, and the INDE [National Institute of Electrification], among other institutions.

Without a doubt, more is paid out of the national budget than is taken in. And to compensate for the expenditures, funds are taken from the decentralized institutions, such as the IGSS [Guatemalan Social Security Institute] and the GUATEL [Guatemalan Telecommunications Enterprise]. In this connection, Carlos Vielman, director of the Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations (CACIF) says that the government forced the IGSS to place state bonds worth about 400 million quetzales. In his opinion, this threatens the programs of this institution to provide disability, old age, and survivors' coverage. "This enables the government to obtain cheap money at the expense of the working class," Vielman says. "From all of its resources, the IGSS is earning eight percent interest per year, and this worries us, because we are going through a period of inflation and devaluation, and we believe that the resources of the IGSS are not being wisely invested. This is criminal, because the time will come when the IGSS will be bankrupt."

As if this were not enough, the debt the government owes to the IGSS as the employer's quota contribution comes to 500 million quetzales, more or less, and there is a budget debt of another 80 million quetzales to the private sector for VAT [value added tax] payment withholdings. Thus the government only has enough to cover its operational expenditures and the wages of the employees of the bureaucracy. Public works have been halted entirely, and the government has to go on incurring debt to make up the budget total.

At this point in time, it is a secret to no one that the public sale of foreign exchange has proved a real failure for the monetary authorities. Currently, the average cost per U.S. dollar is 4.1 quetzales, while outside the banking markets, U.S. currency is quoted at 4.51 quetzales. Importers' costs have gone up by 10 percent, because their need for foreign exchange forces them to deal on the black market, since the supply available from the Bank of Guatemala is limited.

Of the 44 public sales of foreign exchange reported as this edition goes to press, the average placed was $2.5 million, as compared to a real demand of about $10 million per day. Meanwhile, sources close to the Monetary Council say that this body is planning to try a new system for selling foreign exchange known as the "Dutch system." This in turn would be a real auction, because the foreign exchange would go to the highest bidder.

However, there is reason to suspect that this might be yet another blunder, with all of the characteristics of one step upward and another downward. The fact is that only 50 percent of the Bank of Guatemala's foreign exchange will be sold through this Dutch auction system. The rest will continue to be sold in the same way as it has been for some time now, and still is, in other words, by the Guatemalan method. Changes will continue to be made in the foreign exchange policy until the ideal system is found.

For the time being, the Central Bank authorities have been concentrating on maintaining indirect control over

the rate of exchange, while the exporters would like to see it liberated once and for all, so that the market could establish the real value of the currency. [passage omitted]

* Postal System Collapsing

90CA0110B Guatemala City PRENSA LIBRE in Spanish 3 Aug 90 p 12

[Text] The General Postal and Telegraph Administration is on the brink of collapse because of the lack of funds and equipment in general with which to provide service, the director general of that administration, Rene Veliz, said yesterday in statements made to the press.

This official added that the authorities at the Ministry of Finance have been unwilling to approve a transfer of funds to the postal service. Negotiations have been under way for some months, he said, but no response has been obtained.

The existing office equipment, paper supplies, and other tools are no longer serviceable, and there is no money to purchase the tools needed on a daily basis.

* Towns Face Bankruptcy

90CA0110C Guatemala City PRENSA LIBRE in Spanish 9 Aug 90 p 2

[Text] A negative response to the problem set forth by the directors of our national hospitals was announced yesterday by a representative of the Ministry of Finance, Mirna Ramos Cano. As a result, the paralysis of public medical services looms in the very near future, because the resources necessary to deal with the situation are no longer available.

The resolution was announced by this official during a meeting called for the purpose and attended by members of the National Hospital Directors' Association and medical deputies in the Congress of the Republic.

Ramos Cano said that it is definitely impossible to resolve the problem, since the necessary funds are not available, due to the problems encountered in collecting taxes.

Given this negative response, Deputy Hipolito Dardon Letona asked this official why, if there is no money, $20 million was allocated to the La Democracia Park, when this is not a priority project. Instead of allocating this sum to unnecessary projects, thought should have been given to other more serious problems, such as, in this instance, health.

When the deputies and hospital directors heard the response given by the representative of Minister of Finance Juan Francisco Pinto, who, it was certain, would not meet with them again, they proceeded to the National Palace to seek an interview with President Vinicio Cerezo.

They were met by Mrs. Sara Mishaan Rosell, who informed them that the chief executive might possibly be able to meet with them on Friday or Saturday of this week.

Meanwhile, the national hospital directors said that a public meeting will be held on the 17th of this month to inform everyone of what happened at the meeting. At that time they will also announce what steps should be taken, because they do not have the resources necessary to continue their work.

* Hospitals Face Closure

90CA0110D Guatemala City SIGLO VEINTIUNO in Spanish 4 Aug 90 p 3

[Text] The directors of departmental hospitals and pediatric units at the Roosevelt and San Juan Hospitals warned yesterday that the national hospital network is on the brink of collapse, because the resources available will only cover operation until 15 August. As a result, they are urging the competent authorities to allocate an urgent budget supplement of at least 30 million quetzales.

The warning appeal sent to President Cerezo, among others, came from representatives of the Departmental Hospital Directors' Association during their meeting with the Congressional Physicians Commission and the second technical director for the national budget, Mirna Ramos Cano.

In view of the tragic financial situation in the health sector, specifically the hospital network, the Ministry of Finance representative promised that this institution will provide an answer in the coming week as to whether or not it is possible to allocate the additional 30 million requested.

Deputy Hipolito Dardon Letona, president of the Parliamentary Physicians Commission, an emergency committee made up of the departmental hospital directors and the administrative heads and doctors at the Roosevelt and San Juan aid centers and their pediatric units, has as its goal dealing with the reality which is keeping the national hospital network on the brink of collapse, and making the authorities aware so that they can face up to this tragic situation.

Dardon Letona said that the parliamentary physicians and the hospital directors are confident that President Cerezo and the Ministry of Finance will turn their attention to the financial situation of the hospitals and will allocate the 30 million quetzales which are indispensable if the medical aid centers which serve the people throughout the country are to continue to operate.

In a memorandum sent to the president of the Republic, the hospital directors said they are aware of the economic reality in the country, the limited purchasing power of the currency, the high cost of hospital equipment, the excessive demand for this type of service by the people, and the low budget allocation for this branch in the 1990 budget.

The hospital directors said that despite the negotiations pursued to obtain this allocation of 30 million, no type of response has been received. They warn that the current budget will only allow them to operate through the first 15 days of August.

If the 30 million requested by way of a budget adjustment for the hospitals is not allocated, the doctors warn that operations at the medical aid centers will collapse. This, they say, would be ill-timed, inadequate, and serious in terms of the consequences to the people and the country.

* Hospitals Denied Aid

90CA0110E Guatemala City PRENSA LIBRE in Spanish 9 Aug 90 p 2

[Text] Almost all of the municipalities in the country are facing an economic crisis, because the government has not paid out the eight percent required by the Constitution. This is because large economic sectors have failed to pay their taxes, according to the new executive president of the Municipal Development Institute (INFOM), Eng Adolfo Augusto Pereira Santis.

The lack of tax money has caused a fiscal imbalance, as a result of which the municipalities are suffering, according to Pereira Santis. He replaced Carlos David de Leon Argueta, who has left the country on a two-year scholarship in the United States.

As the advisory body for and financial agent of the municipalities, the INFOM must take up the role of defender of the country's communities, to alleviate the crisis they are facing, in some way. We must begin to pursue negotiations with the Ministry of Finance so that the municipalities will be provided with the eight percent for the two quarters which is owed to them, he said.

Honduras

Callejas Views Budget, Energy, Economic Issues

PA1609030490 Tegucigalpa Domestic Service in Spanish 0116 GMT 13 Sep 90

[News conference by President Rafael Leonardo Callejas with local reporters and an unidentified moderator at the Presidential House in Tegucigalpa—live]

[Excerpts] [Callejas] Good evening, dear fellow countrymen, people invited to this news conference, and directors of the country's most important media sources.

This news conference marks a page in the history of national journalism because this is the first time that we have appeared before the Honduran people to honestly answer whatever questions or doubts you may have about this administration.

First, I would like to greet all of my fellow countrymen and also apologize to those people who, for security reasons, are inconvenienced every morning as I travel from my home to my office at the Presidential House. I know they are bothered by the passing vehicles and sirens, but I have no other choice if I want to properly use my time. I am with you this evening, facing a nation that, as we know, is going through one of its most complex economic, social, and political situations in history.

To talk about the national situation is to talk about an issue that both the nation and government find complex, because we have to acknowledge that our dear fatherland is one of the poorest countries on the American continent and that it is being adversely affected by the lack of elements that are fundamental for the people's well-being. We are poor and the nation is enduring a hard and difficult economic program. This is a bitter drink that we have had to swallow. Had we not done so, the Honduran people's situation would have become more acute because of the characteristics of our system.

Making these decisions has not been easy, but it has been more painful to watch the effect that the decisions have had on the majority of my fellow countrymen, who are suffering and have been burdened by the impact of many of these decisions.

I want to tell the Honduran people clearly that I have grieved about the effect these decisions have had on thousands upon thousands of women and men. I go out, I look, and I listen. One of my commitments was to have a flexible government, and this is what I have. As I visit places I see with sadness the tremendous poverty that is oppressing the Honduran people. We have to acknowledge, however, that at one point or another, decisions had to be made to tackle and resolve the problem.

I know that a problem as complex as this one, that this kind of bitter drink, sometimes produces pessimism and uncertainty. I am sure, however, that we are doing the right thing and that the decisions we are making now will have positive results in the near future.

There are favorable and pleasing signs already. I have been able to substantially reduce national expenditures. The fiscal deficit has been brought down to the acceptable level of approximately 4.9 percent this year. In 1989 it was 12 percent. The budget for this year is 1 billion [no currency given] higher than last year, but government expenditures for this period are 25 percent lower than government expenditures were last year for the same period. This means that there is a will to overcome the problem that is most responsible for the national crisis—that is, national government expenditures.

We must all acknowledge that government consumption is most responsible for this crisis I am obliged to face, and I am doing it decidedly, and with conviction, but also with sadness because, believe me, fellow countrymen, any other path would have lead us to a permanent inflationary process and to a constant hike in the price of national products. By the end of last year, inflation had reached the 10-percent level and we noticed that the situation would have lead to an explosion. We made decisions to face a time that we knew would only last a short while.

We have given Honduras credibility in the eyes of the whole world. All the countries of the world and all international organizations now have their doors open for Honduras. We no longer have to hide because we cannot face our own problems or find solutions for them.

We do face some difficult tasks. Monetary policies are one of these difficult tasks. We are working, though. We realize that there are guidelines for implementing the government's platform. Austerity in public expenditures is one, and limits on the import and consumption of luxury items is another. We have to realize that we cannot maintain the usual level of luxury item consumption because such expenditures negatively effect the national economy.

We also have to take care of popular demands such as the minimum wage. We have made 1 October the deadline for this. This must be in line with the country's economic situation.

Also basic grains and other Honduran staples must be secured. I am happy to report that this year's first crop [no product specified] production will be almost 12 million quintals. This means that if the rains continue and the planting and the government support is maintained, then this year's basic grain harvest will be for more than 15 million quintals, 4 million more than in 1989.

I know that it has not been easy on the people and that it has not been easy to accept this path. But believe me, fellow countrymen, when I tell you that I am certain that this decision will bear fruit within a relatively short period of time. Let us have trust and faith. Let us be optimistic about the future. The path we are following is cruel, complex, and worrisome, but it has an end. If we follow the measures we have been adopting, that end will be economic stability and growth.

I am optimistic because I know that we will be able to bring progress to our dear fatherland. Good evening and welcome to this news conference.

[Moderator] We will now move on to the question and answer period following the order in which the distinguished media directors who are participating in this news conference were introduced. We will begin with Nelson Fernandez, from the San Pedro Sula daily LA PRENSA. The procedures for this news conference are: The journalists asking questions may speak for two minutes during which time they may preface the question they will be asking. Only one question. After the first round of questions, we will have a second round of questions, in the same order. You may have the opportunity, therefore, to ask several questions. Nelson Fernandez, from the daily LA PRENSA.

[Fernandez] Good evening, people of Honduras. Mr. President, we all know, and you have already stated, that the main problem of Honduras is its economy. You have mentioned measures that have been adopted. We know that these measures are necessary. I ask you, however, was it necessary to impose such harsh measures on the family economy? Was it necessary to go that far?

[Callejas] Unfortunately, we believe so. There is a fiscal crisis and excessive government expenditures in all sectors. We must not forget that we decided to adopt these measures because we were spending much more than what we had. This did not happen just at the central government level. We used to subsidize electricity for big consumers. Now we are paying for what was once someone's subsidy. We made this decision in sectors connected with the monetary problem because we had no foreign exchange. This situation meant we had to resolve this problem.

I believe that the magnitude of the problem was and is so great that a gradual solution would have been far worse. Today we can say the end is in sight and that we are at the end of the economic process. Later we will make concerted efforts to find solutions for the social sector. I referred to this when I spoke about a minimum wage to take effect in October. There are sectors that are making concerted efforts in other areas. For Mr. Nelson Fernandez, the reporter representing the newspaper LA PRENSA, it is important to understand that we had uncontrolled spending and that now we must correct some incredibly bad decisions. I would have liked to have been less harsh, but when I saw the overall picture, no other options were possible but to tighten the economy and decide to openly expose the full extent of our poverty. To try to look the other way or to pretend that this poverty does not exist is why we are facing a crisis today.

[Moderator] We now have journalist Rene Zepeda Flores, representing Emisoras Unidas HRN. Please go ahead.

[Zepeda] We constantly hear about public debt reduction, but over the nearly eight months of your administration, how much has really been reduced and how was this done? Has there been a reduction in the number of public workers or have public investments been reduced?

[Callejas] Basically we have reduced the public deficit by two methods. Increased revenues is one. If you remember, the previous government over-budgeted its last year in office by 650 million lempiras. There was no way we could cut this expenditure. That 650 million lempiras necessitated new taxes to resolve the country's basic and structural problems--the excessive public spending you mention. The other step taken by the government within its policy of fiscal austerity has been to reduce spending. How? The figures are exact. With a budget that is 1 billion lempiras higher, we have disbursed far less than during the preceding fiscal period. The problem was that, in addition to having committed over 1 billion lempiras, the budget was unrealistic and lacked Central Bank financing. At about this time last year, during the preceding fiscal year, there was a deficit. Right now, however, the government has a 77 million

lempira surplus. This very positive situation has come about through austerity, increased taxes, and expenditure cutbacks. The country's economy is strengthened when expenditures are reduced.

[Moderator] Journalist Adan Elvir Flores, executive director, LA TRIBUNA newspaper. Please go ahead.

[Elvir] Good evening, people of Honduras. Good evening, Mr. President. When you took office on 27 January, the first problem you had to face was the energy crisis. It was said at the time that the previous administration had not paid the fuel bill. I would like to ask how much we have paid the Mexican and Venezuelan governments since then, and if we have not paid, how much do we now owe?

[Callejas] We took office in the middle of a severe energy crisis. At first, there were long lines due to nonpayment of the oil bill. [sentence as heard] Before assuming the Honduran Presidency on 27 January, I visited Mexico and Venezuela, and I was granted oil shipments from both countries to solve the short-term oil supply and economic problems. Today, we have oil supplies and our oil bills are up to date. In other words, the country has credibility, credit, and the ability to face its supply problems. Logically, the short-term impact is of a different nature and has to do with costs, not supplies. I hope to expand on this during the news conference, but at the moment, as you can see, supplies are assured, bills are paid, and we have credit with our main suppliers.

[Moderator] Adolfo Hernandez of Televisora Hondurena.

[Hernandez] Thank you. Good evening. Mr. President, a reporter is successful to whatever extent he succeeds in reporting to the listeners, television viewers, or readers what they want to know. I wish to refer to one of the most frequently asked questions of the past few hours, which is linked to the increase in electricity rates. We have been told many things, but what has most drawn our attention is that the people who voted for you are saying that they did so because they thought you had a solution to problems like this one, which does not appear to be too much of a problem to them.

The National Enterprise for Electrical Power [ENEE] is the owner of the largest enterprise in Honduras, in El Cajon. Such a facility could generate energy to spare, sufficient even to sell to the rest of Central America. Some of the corporation's obligations have not been met. The ENEE has more than 7,000 employees throughout the country, an excessive number. The ENEE has collective contracts by which it enjoys the lion's share, yet it is being looted. We can prove this. Material is being stolen and then sold. Executives ride in hired vehicles. There is administrative disorder at all levels. Yet the quickest solution that the government has found is to raise electricity rates precisely when the rates were going to be lowered, when the previous government inaugurated the famous El Cajon project. Mr. President, is raising the power rates not giving more money to the ENEE so that the administrative disorder can continue?

[Callejas] Mr. Hernandez, the ENEE problem has to do with the characteristics of its past management. It would be interesting for a diligent media to ascertain how and when these problems arose. We agree with you entirely in some respects. The Honduran people are very much aware that service from this enterprise has fallen short of what was expected during its expansion. It is true that the enterprise in El Cajon was expected to solve our problems, but it has not, for a number of reasons. One reason was the privileged rates for certain consumers. In trying to extract greater profits from certain economically privileged groups, we granted them special rates. Maybe the clearest case is that of the mining enterprise in El Mochito, the rates for which are inadequate for its economic capacity. Privileged contracts were signed with transnational corporations.

Who always paid for these privileges? The people, through high rates. In addition, as a result of the fact that neither the enterprise nor the government could repay their obligations, a delay in the amortization of the foreign debt, in the amount of 700 million lempiras that was needed to meet the ENEE's situation, was suddenly brought about. We have little by little observed how the administration is completely bound by collective contracts. The current management has not had a single day off to face the ENEE's serious administrative problems. These problems started with the strike in solidarity with ANDEP [not further expanded]. Then came negotiation of the collective contract. Regard this, I am pleased to say that the contract provided for an 11 percent raise, one of the lowest in the history of the ENEE. In addition, there were a number of redundant employees. Because those employees are included in the collective contract, however, the administration has constantly been forced to lower expenditures.

A number of factors are working against the ENEE, such as special rates, inefficiency, and delays in the amortization of its obligations due to the inability to pay. The problem must be confronted. We have considered the ENEE's customers. According to the figures we have established, we are proposing an energy rate cut for 60 percent of the population.

Exporters are paying the highest rates, which have more than doubled. It is true that there is an intermediate sector, the rate of which has also been increased. We also expect to be able to apply intermediate rates based on consumption so that family rates can be reduced as well. As we understand it, however, and according to the figures we have analyzed, the consumption of 60 percent of the ENEE customers has truly been reduced. In other words, we are charging those who consume more, more, and the less privileged sectors, less. This is the intention of the government's policy, and this is the rate proposed to the congress. I will personally ensure that this is complied with. I have selected at random 500 users of the 60-percent sector. I will check on them beginning on

1 October to see if the reports I receive are correct. If they are not right, we will apply the necessary corrective measures through legislation. Our position is that, despite the ENEE's crisis, 60 percent of the customers will not have to bear the rate increase.

[Moderator] Reporter Francisco Morales Calix, director of EL HERALDO.

[Morales] Good evening. On 27 January, the country was sinking; water was quickly seeping into the ship. The people's confusion became worse and worse in the face of shortages, unemployment, fiscal deficits, the state's inefficient agencies, increased foreign debt, and the lack of programs to cope with these problems. Mr. President, the people are now watching prices, such as those of gasoline and other oil products, go up. Devaluations are more frequent. The cost of services, such as electricity, water, and telephones has increased. What next, Mr. President? Did you complete the structural adjustment? Are there any more surprises in store for us? The Honduran people expect a new economic beginning, in which unemployment is reduced, people can obtain medicine, and there exists relative social stability. Are we justified in expecting this?

[Callejas] Yes. We must be aware, however, that a program like this requires a reasonable period for visible results of the reactivation to become apparent. Stabilization, a restructuring program we have begun to implement, cannot by itself move the nation forward. Stabilization only serves to correct mistakes. To give impetus to development, it is necessary to reactivate the economy. In which area? We have outlined seven fundamental programs of economic expansion. First, there are bananas, for which we are implementing programs with the private Honduran sector and transnational companies. Then there is sugarcane, for which the sugar mills have a capacity of as much as 2 million quintals. We are backing and reinforcing these enterprises so they can advance.

We also have freshwater shrimp, those bred in artificial lakes, especially in the southern part of the country. We have established there a 200 million- lempira program that encompasses 5,000 hectares, which are to be developed over the next 24 months. Above all, this will resolve problems that arise as a result of concessions granted, but not used.

Also, we are engaged in the coffee program. The government has given coffee the greatest economic backing possible to increase our export capacity during this current period by 1 million quintals to generate a real impact in our foreign exchange and on the roster of temporary workers.

Regarding industrial parks, we are creating incentives and seeking $25 million in refinancing to equip them and to improve the structure for generating jobs and foreign exchange that will have short term benefits.

Logically, the basic grain program is fundamental to us in our efforts to supply and reduce the cost of and achieve stability in the price of staples. This year the program has involved expanded agricultural borders and increased cultivation, which means that there will be a substantially larger harvest than in the past, and its impact will be felt over the short term.

There is no doubt that within this panorama the monetary aspect is most complete. The government is taking whatever actions are necessary to resume control and management of foreign exchange and is seeking to eliminate to whatever extent possible black market connections.

Regarding foreign exchange, we have problems in the repatriation of foreign exchange, and we also need to generate more exports. In my opinion, the fundamental problems of this aspect of the economic program have already been given. This does not mean that in some areas over the short term we may have distortions that had not been contemplated, such as the fuel price increase. If the price trend continues to follow the same path of the latest billings, it would unequivocally imply an increase in the price of fuel. In general terms, however, we believe that except for some areas, such as industry and construction, by virtue of the increase in the price of construction material, we can envisage that the fundamental element of the program, production, will experience a turn for the better. From now and into 1992 we will see a much broader and more positive level of exports generated.

[Moderator] The director of the television newscast "Abriendo Brecha," Rodrigo Wong Arevalo.

[Wong] Mr. President, the impression I have with all of these measures implemented by your government is that your administration wants to achieve fiscal success unprecedented in the history of Honduras by way of tax revenues, the easiest path open to a government to have a successful administration. This fiscal success, however, is achieved at the expense of—far worse than a bitter pill—an enormous blow to the Honduran people, especially those who, one way or another, contribute with their tax payments to managing the public administration of the government. Every government wants to achieve fiscal success. Obviously, your government has sought to achieve unprecedented fiscal success by way of tax revenues to pay the financial organizations and be able to place Honduras among the countries that have access to credit. We do not find that concern consistent with the results that could be expected. Why? Because financial organizations have overextended their credit operations. They are not going to continue their experiences of the past, making loans to countries that have not been able to achieve a balance, but are now trying to do so. It is very difficult to achieve. Therefore, if that is the situation regarding obtaining new loans, to provide new money for the country's economy—which is devoid of liquidity—it is not too flattering. If the sacrifices that your government has imposed on Hondurans allowed us

to obtain forgiveness of our foreign debt, that sacrifice would be more than welcome and accepted. But if the sacrifice to which you have subjected us is to continue to burden the country with loans, to continue to burden future generations with debt, then I do not have such a flattering view of this sacrifice.

[Callejas] There is no doubt that some of your points are reasonable. The government's policies are basically designed to reduce the fiscal deficit. The basic problem from the government's point of view is that we have faced unrealistic economic situations. We started out under the premise that there was a budget. There were excess obligations amounting to 650 million lempiras in that budget, plus the authorized internal debt. What we are doing now is mostly paying that debt. If you analyze the situation, the most critical tax that we proposed, which was approved by Congress, was the sales tax, which was increased by two percent. Income taxes were reduced, and in cases were income was below 10,000 lempiras per year, it was eliminated altogether. Previously, even those who earned 5,000 lempiras per year paid taxes. We have eliminated export taxes for nontraditional exports, and in 1991 we will cancel 12 percent of the rate on traditional products. We are proposing selective consumption taxes on luxury items. By mutual agreement with Congress, we have eliminated products that perhaps only technocrats considered luxuries. We know that these items are basic, so we corrected that mistake. It is true that we have received revenue, but the revenue most affected has been the two percent sales tax, not the other taxes that mostly affect those with incomes above 10,000 lempiras—a decided minority of Hondurans. We have also changed utility rates. Statistics that I have show that we are benefiting 60 percent of the population by reducing their utility bills. In other words, despite all the information given on taxes, we have implemented dynamic tax collection programs.

Despite the fact that tariffs have been reduced and monetary adjustment has entailed a balancing with tariffs, we have increased tax revenues for July by 150 million [no currency specified] because the customs offices are in operation. In addition, we have made real budget reductions—that is, 10 percent in 1990. We will further cut the budget in 1991 to maintain the same levels of 1990, minus 100 million lempiras.

In other words, the government's fiscal effort has been extraordinary. Why is this? Because by reducing government spending, we will redirect investment resources to the private sector. Instead of consuming and spending more than we have and owe, we will foster investment alternatives to create economic growth prospects.

As wise Mr. Valle [not further identified] used to say, fiscal administration is a logical business. We Hondurans should learn this line by heart. There can be no good government without good public financial management. This is what I am trying to provide.

So far, the main problem that I have confronted is the fiscal problem, because government spending has caused the vast majority of our problems. It is the government that has caused the vast majority of our problems, by spending 1,200 billion lempiras over what it had budgeted in one year alone. The government's actions have impoverished us all. We have spent what we never had. We have not even invested it. We went into debt beyond our ability to repay, and we are now paying the consequences, as with the decision adopted by the National Corporation for Investment [Conadin].

Concerning the bridge loan, in real terms my government did not go into debt. There is now an opportunity in France—we are members of the Paris Club—to seek renegotiation of the debt. We hope that the alternative of forgiving the debt will result from the enlightenment of world leaders, because no multilateral organization, be it the IMF, the Inter-American Development Bank, or the World Bank, will forgive the debt. These international financial organizations have adopted this policy, and so far we have been unable to convince them to do otherwise. I am not referring to Honduras, but to countries that are subjected to that complex debt.

We are renegotiating the debt, however, and we will repay it over the long term, thereby reducing our burden. This will entail real economic improvement for the country.

[Moderator] Journalist Luis Edgardo Vallejos of Radio America.

[Vallejos] Good evening, people of Honduras. Good evening, Mr. President, and dear colleagues. For a moment I will digress from economic matters, evidently the main subject in this news conference. I reserve the right, however, to ask questions on that topic later.

I would like to ask you, Mr. President, when the government offers to pay social benefits to ENEE union members, for example, does this mean the end of unions in the country, as many people fear? Do you believe, Mr. President, that Honduran unions are good or bad for the country?

[Callejas] We respect Honduran labor unions. I will illustrate this government policy with an example. When Sitraterco [Trade Union of Tela Railroad Company Workers] went on strike, we could have declared the strike illegal and demanded the suspension of its legal existence. We did not, however, because it would have been inconsistent with the government's policy, which is to defend the labor union movement. We sought other solutions to the problem.

In the specific case you mentioned, the problem is that it was their initiative. The government is negotiating with representatives of the workers, who have asked the government to pay social benefits, which we are willing to do to resolve the problem, but it is not our initiative. We would like unions to respect the laws of our country, and not go on strike every time they want something. We

cannot go on like that. What happens when they go on strike? The state and the people lose, and it is reflected in tariffs and inefficient service in government enterprises.

State enterprises and their unions do not legally have the right to strike. They have no reason to go on strike. Within that context, we are trying to reconcile positions. From our standpoint, however, some positions are irreconcilable. We have no obligation to pay workers for days not worked. It is not equitable for the Honduran people to pay someone who goes on strike. We have not and will not accept that position. Unions want us to pay workers for days they have not worked, which is unacceptable. Consequently, we find ourselves holding conflicting positions. We have proposed to unions such as the ENEE to pay salaries with long-term credits, to pay through compensation and long-term payroll deductions. We have offered many options. What we cannot do, however, is pay salaries to workers who have not carried out their duties as they should to cover the needs of their respective enterprises according to their contracts, the Labor Code, and international laws.

In that sense, we want to strengthen labor unions. We are holding talks with them. We have widely discussed amending the Labor Code because there are contradictory elements in the Labor Code, and at the end of the process the union is at a disadvantage, because management demands that a strike be declared illegal to destroy the union, while management can only be fined. We believe that this point should be negotiated, and we are willing to promote that negotiation. We need the unions, because they contribute toward our national development. However, we want unions—in some areas, because there are exceptions—to be responsible and conscientious, particularly in state enterprises. [passage omitted]

[Moderator] Once again Journalist Francisco Morales Calix of EL HERALDO.

[Morales] Thank you. Mr. President: We are witnessing a political transformation in the world. The cold war has ended and been replaced by international cooperation. The international community is witnessing an extraordinary economic revolution. There are free markets and currency fluctuations, and there is more freedom. What are your government's foreign policy goals? How will you and your government make Honduras part of that revolutionary process?

[Callejas] Undoubtedly, this is a unique opportunity in a transforming world. The fall of ideological walls opens extraordinary horizons. The collapse of Marxism is a reality. The USSR is undergoing a debate that could result in the transformation in 500 days from a centralized, autocratic, subsidized society to a free market society. The changes in Eastern European countries make us believe that once new economic concepts are strengthened, there will be more opportunities in the international arena.

It is important, however, for us to first define what our nation's role will be in Central America. In my opinion, Central American integration is inevitable and necessary. Not in the sense of the common market of the past, but in seeking comparative advantages with countries outside our area that will permit the strengthening of relations between our nations. Economic unity is a vital step. We are promoting and seeking ways to achieve that unity to improve Honduras and Central America's situation.

Second, we are looking toward the sea and our neighbors out there. Mexico, Venezuela, and the Caribbean are areas to which Honduras must have access, because our geographical location gives us that opportunity. We are in the middle of the Caribbean Sea. Honduras is the meeting point of Mexico, Venezuela, and the Central American countries. We are looking toward that goal. We have very strong and cordial relations with Mexico and Venezuela. We have truly extraordinary relations with those countries.

I will use this occasion to ask you to be on the lookout for a number of decisions that will be made in Mexico City or Venezuela sometime this week. I cannot tell what the information is now, but I hope you will be on the alert for the news that will be announced in those two great nations.

We have also sought closer relations with the Caribbean countries. We have opened an embassy in Belize. Responding to an invitation from Prime Minister Price, I will soon visit that country as it is an area of interest for us.

In that regard, we have also turned our eyes toward Europe, because the world is changing. The United States is not the only nation in the world. In 1992, Europe will experience a radical change for which we must be prepared. Hondurans do not know what is going to happen in Europe in 1992. We do not know what will happen. We have not yet realized that Europe will be the world's first economic power. Europe will suddenly be the world's largest market, and it will be a market that will protect its historical colonies. That is why we are establishing closer ties with Spain. There are many reasons for this, but one of those reasons is so that Spain, as our interlocutor, will enable Honduras to have access to the European market.

We have approached British companies. At this time government officials are in the UK holding talks with an enterprise that imports bananas to have a spearhead for that purpose.

We are willing to approach East European countries as well. In that regard, in the next few months we will meet—I hope soon—with the Czechoslovakian president, because Czechoslovakia is one of our main buyers. We hope that during my visit to attend the UN convention on children, at which 70 heads of state will be present ...[changes thought] this is the first time a Honduran president will deliver a speech at the United Nations in the 45 years of that forum's existence. I will speak on 28 September, which is the day on which the

independence act was delivered. On that occasion, we hope to meet with the Soviet foreign minister to promote an opening that could lead to the institutionalization of diplomatic relations with that nation during my presidential term.

In other words, we have broadened our horizons and communications are more widespread, effective, and dynamic. Honduras is a nation that has presence in today's world. We believe we can improve our nation based on the way we have been developing our domestic relations. We have a unique opportunity and want to make the most of it for the good of our country. [passage omitted]

[Moderator] Luis Edgardo Vallejos of Radio America.

[Vallejos] Mr. President, if I heard right, you announced an increase in the minimum salary for the 1st of October, or at least you said that you would make the announcement on that day. First, we would like to know how much the increase will be. Also, will there be an increase in the price of fuel, milk, and other staples at the same time? Regarding fuel prices, how much will they increase? I read an international press dispatch from San Jose on the cost of fuels in Central America. According to our figures, Nicaragua has the highest price, followed by Panama, El Salvador, and Costa Rica. Honduras is in fifth place, and Guatemala has the lowest fuel prices. According to the dispatch, the Honduran Government plans to raise the price of fuels by 35 percent. Based on that, this will mean an increase of $0.50. According to the dispatch, the new price of fuel in Honduras, which is $1.43, will be $1.93 per gallon of gasoline. Under these circumstances, a gallon of gasoline will cost, as many people are already figuring, about 8.30 lempiras beginning in October. That will be the price if we base our figures or the national currency exchange of 4.30 lempiras per dollar, but if we base it on the black market rate, which is 5.50, will a gallon of gasoline cost 10.62 lempiras?

[Callejas] I believe that in view of reporter Vallejos' proficiency in statistics, we should make him head of the National Oil Commission. In Honduras the price structure subsidizes diesel, kerosene, and bunker oil. This means, without committing myself, that those will be the prices. Right now, those prices depend on the prices that we are charged by Mexico and Venezuela. That is why we must be prudent, because we have set a deadline until the end of September to find alternatives to increasing the price of fuels so dramatically.

You are speaking as if these increases have already been effected. That is why I said we must be prudent. If we were to charge the price of fuels today without subsidizing them, we would have to bear in mind that kerosene prices would not increase. Bunker oil, however, would undergo a relatively small increase because of its impact on the prices of cement and energy. We would continue to substantially subsidize diesel oil, and therefore, super grade gasoline would be the most affected. Our price scale is not similar to other countries, although we are aware that we are charging the lowest prices. Along those lines, we have proposed a five-percent decrease in fiscal revenue so as not to spoil the government with taxes, because that weakens the economic program and weakens the reduction of public expenses.

If we increase prices, we will do it according to subsidies and and based on the possibility of having an alternative before the end of September to prevent the impact from being total and aboslute, as we could have now that the price has increased to $10 per barrel .

I would rather not answer your question until the end of September. I can give you a concrete answer then. I do not want to create speculation regarding the price of a product that is so important and necessary to the national economy and the consumer. [passage omitted]

[Moderator] Boris Antonio (Massariego) of Radio Tegucigalpa.

[(Massariego)] Hoarding, plus the direct causes of a certain oligopoly of the market have raised and are still raising prices. This is commented on often. The general complaint is that the government is doing nothing to prevent the unbridled increase in prices, especially of staples. People ask what has been done, or what is being done, or what will the government do? In the political aspect, you are the leader of the government. May I ask what is happening in the government party leadership? We read and hear declarations by deputies of the National Party who criticize and condemn the central bank's monetary policies. Someone even said that some of these measures are ridiculous. Does the government party have real and practical political guidelines in making decisions? To make decisions, the government needs to have the full support of the party. What is happening Mr. President?

[Callejas] There are no splits or disagreements in the National Party of Hondudras, now the ruling party. There can be discordant expressions in the party sometimes, as well as differing interpretations. You can rest assured that there are no splits in the party. Regarding the party's support for the government, this does not mean that there is no tension, pressure or uncertainty. [passage omitted]

[Moderator] Rene Zepeda Flores.

[Zepeda] My question might appear to be foolish, but I know that many Hondurans want to know this. Mr. President, do you have any idea how much the lempira will be worth at the end of the year?

[Callejas] The answer to Rene Zepeda's question is that I hope that the currency will be stable, because it is vital to the monetary program.

The monetary aspect is the most difficult part of the government's economic program because there is a lot of activity and, while only 55 percent of the currency is coming in, consumption is occurring at such a rate, like

I mentioned for premium gasoline and the purchase of luxury items, that the Pressure on the currency causes prices to increase.

We have to take measures to solve that problem or reduce black market operations and regain control of the currency. We are also proposing a law that will recommend taxes on luxury items, only luxury items, to reduce the unnecessary spending.

If the debt can be renegotiated in September at the Paris Club, and if we reach the end of the temporary financing program, the bridge financing, and the disbursements from the international organizations begin, we believe that we will be on the path of stability, without forgetting the effects that the increase in fuel prices will have or the need to reduce consumption. [passage omitted]

[Moderator] Adolfo Hernandez.

[Hernandez] Mr. President, I am embarrassed to tell you that where I work I personally receive written and oral complaints, and there are at least 10 questions that the people are waiting for us to ask you, but time will prevent it. I have a question, however, about the previous government and a statement made by former president Azcona on a television show.

President Azcona still insists that the international organizations proposed that he implement crude measures, that is the term he used. He said that he rejected those attempts and did not apply the measures, insinuating that you have been soft and have allowed yourself to be manipulated by the international organizations as well as the so-called "Chicago Boys," as your economic advisors are called.

What is your reply?

[Callejas] This is why we are in the situation that we are now, because decisions were not made at the right time. If we had acted at the right moment, we would not have needed to make these decisions, but for a long time we fooled ourselves, and those who governed the country fooled themselves.

They lived an illusion, spent and indebted the country, and subsequently bankrupted it. If only they had made decisions, they would have made it easier and more pleasant to govern this country.

It is very painful for me to go before the people who trusted my presidency and who will trust my government in the end, and tell them that these decisions must be made because those who ruled previously did not have the courage to act when the circumstances called for it.

When a person is president of the Republic, he acts in accordance with the nation's best interests, not based on a whim, or because he thinks that things should be done, or for political reasons.

Delegations from previous government signed an agreement with the IMF, and then said that they would not adhere to it because the National Party candidate did not accompany them. That was the excuse given to the people. That is why I invite you to review what the commission signed in Washington so that you can see how easy Honduran problems could have been solved. There were small problems which seemed huge at that time, but which were really insignificant and did not have the importance of the decisions that I have had to make. Had I not acted, there is no doubt that the country would have experienced a permanent increase in costs and prices, in other words, hyperinflation.

Today, prices go up, but we have control over some factors and variables of public expenditure, which is the worst thing I have inherited. The past government left debts totaling more than 1.2 billion lempiras, without any financing. The Honduran people are paying for that now. I wish decisions had been made then because Honduras would be in a better situation today. Had I not faced the problem as I did, the current crisis affecting the country would be more acute.

I found a country without a drop of oil, and we have had to pay for this. Why did the country stop paying its oil bills? It stopped so that it could spend money on other things. The problem was not the lack of a budget. Budgets over the past years have included paying our public debt. Instead of those funds being saved, however, they were spent. Those funds were spent on purchases, current expenses, and wages and salaries of public employees, instead of being used more efficiently.

In all sincerity, I have tried to not respond to comments made by former presidents because they deserve my respect. When one assumes the presidency, one acts during a four-year presidential term and is responsible for those four years. Trying to make the nation believe that we are making irrational decisions, however, is an irresponsible act. The figures are there. I invite journalists and the people to review the budget figures and to review the document signed with the IMF. You will see that decisions were made for political reasons. It was due to political reasons, because it was feared that if decisions were made, the elections would be lost.

For my part, although I am deeply committed to the National Party, which brought me to the presidency, I am making decisions that I know are not viewed favorably by the people, but nonetheless are the correct ones. My responsibility as president is facing problems and finding solutions, not evading responsibility. [passage omitted]

[Moderator] Francisco Morales Calix.

[Morales] Mr. President, in documents made public, opposition political groups have noted that the economic measures you have introduced contain certain elements which could lead to the country's social destabilization. We are facing chaos and you have promoted a class struggle and have sown seeds that could cause violence. What is your response to this?

[Callejas] Conditions for social violence are not present in Honduras. I strongly believe that the Honduran people are aware that the road we have taken, no matter how unpleasant, is the correct way to construct a dynamic and vigorous society full of expectations. We have sought alternatives that have yielded good results. As for agrarian reforms, we have not had problems with peasant groups or with farmers and cattlemen as we did in the past. We have reached agreements with them and with the workers we have walked a long road full of patience, prudence, and goodwill in the solution of their conflicts.

The critical point was the strike called by Sitraterco. Despite the measures that were taken with the workers, which we believe could have been avoided, there were no confrontations. In other words, despite the harsh measures, and I admit they were harsh, our society willingly accepted, with some protests, the measures that were undertaken. I see the future with great optimism in the sense that the measures will help the country create better economic conditions. With this in mind, I do not forsee social confrontations.

[Moderator] Correspondents Luis Edgardo Vallejos and Boris Antonio (Massariego) have the last two questions of this news conference.

[Vallejos] Mr. President, Honduran economists believe that our country cannot benefit from the new Bush initiative for Latin America because our country does not have a developed industry due to the timidity of the Honduran private enterprise. What is your viewpoint on this? Does your government have a defined position on this Latin American initiative for the Americas, which is nothing more than free trade between the Latin American countries and the United States?

[(Massariego)] Mr. President, you have spoken repeatedly about a document which outlines a softer structural readjustment of the economy. We understand that because of indecision or political lobbying it was not implemented. Can the government house make this document available to the media?

[Callejas] I have it here with me. I will give it to you. It has seven simple points. This was the basic framework for the agreement between the Republic of Honduras and the IMF. The negotiable foreign exchange for exporters will increase to 50 percent of what is exported. The customs tariff will be revised to evaluate the merchandise. At least 70 percent of the imports will be imported with the dollars acquired in foreign exchange. That is all. This document presents the historic reality of what it means to make decisions.

I view the Bush initiative as highly positive. This is not an open route from the United States to Honduras or from Honduras to the United States, because that would entail the destruction of our economy. Instead it means access to U.S. markets and the gradual U.S. access to Honduran markets. The advantage is totally for us; therefore, I will sign a framework agreement during my visit to Washington on 28 September.

[Moderator] Ladies and gentlemen, to end this news conference with the media directors and correspondents aired on this radio and television network, the president will speak.

[Callejas] Invited guests, it has been very gratifying for me to share mutual concerns about the country's situation with you. The Honduran people must be very satisfied with the media directors who participated with us today. There are many other subjects of which there are concerns. I believe that this type of forum should be repeated within a prudent period of time.

Perhaps we could hold another meeting by late November.

I wish to tell the Honduran people once again that I will continue striving to find solutions to the serious crisis affecting our nation. I have a commitment to you to work with patriotism, loyalty, goodwill, honesty, diligence, and, above all, in the search for better alternatives for the nation. What we are doing is not easy and I have never said so.

Today, however, I am more optimistic than ever before about the economic reorganization program and about the decisions that we will make. The world is changing and we are part of that change. There will be positive news soon that will allow Honduras to strengthen its economic system.

What we are facing is not easy, but we must be optimistic. Having a defeatist attitude is the worst thing that can happen to a society, but we are known for having a firm attitude which will allow us to cope with our problems.

It would have been a lot easier for me just to let things go and avoid the responsibility. That, however, would have seriously harmed the nation. We are on the right track. We have chosen the path that history will determine as the solution leading to the transformation of our country. Filled with faith and hope, we are marching on that path and we will make it. The country will find its future, and we will view the future of our country and society with optimism. Good evening, and I thank the media for their time.

Callejas: Border Issue With Nicaragua Settled

PA1709150190 Panama City ACAN in Spanish 2150 GMT 13 Sep 90

[Text] Tegucigalpa, 13 Sep (ACAN-EFE)—Honduran President Rafael Leonardo Callejas said today that the border with Nicaragua "is defined." He said that the participation of Nicaragua in the demarcation of the Gulf of Fonseca (Pacific Ocean) would not threaten the stability of bilateral relations.

"We have no differences with Nicaragua. We have a defined border in all sectors," Callejas told ACAN-EFE in his first public reaction to the matter.

The intervention of Nicaragua was authorized today by the International Court of Justice at The Hague, (The Netherlands), amid the border dispute between Honduras and El Salvador that has been under discussion since 1986.

The government of former Nicaraguan President Daniel Ortega petitioned the court in November 1989 to allow it to participate in its neighbors' proceedings, "to defend its rights in the Gulf of Fonseca and adjacent waters."

Callejas admitted that "the participation of Nicaragua does mean a new element for us with respect to the gulf, and we will analyze its impact."

He pointed out, however, that the decision made by the highest court of justice in the world will not affect the course of the administrative border proceedings between Honduras and El Salvador, whose final verdict is expected around the middle of 1991. Both countries share a 417 km border that includes mainland, maritime, and insular areas not yet defined.

The Gulf of Fonseca case is an exception, given that Nicaragua contends that its strategically located islands and waters are jointly owned by all three coastal countries.

'Powerful' Bomb Deactivated at PHN Headquarters

PA1709201690 Panama City ACAN in Spanish 1834 GMT 17 Sep 90

[Text] Tegucigalpa, 17 Sep (ACAN-EFE)—Today the Honduran Police deactivated a powerful bomb at the headquarters of the ruling National Party of Honduras (PNH). The bomb consisted of several sticks of dynamite tied to a clock. No one has claimed responsibility for planting the bomb.

PNH Press Director Carlos Rigoberto Soto told ACAN-EFE that "bomb experts have indicated that the explosive device could have blown up half the building."

The bomb, which had been set to explode at 1230 (1830 GMT) was found by a cleaning woman in a store room at the party headquarters, where PNH militants frequently visit to seek employment with the government.

Soto added that, so far, no organization has claimed responsibility for the "terrorist operation." However, he recalled that last week "an unidentified person stated during a phone call that a bomb was going to explode in the building."

Nevertheless, no special security measures were taken. "It is believed that the bomb was put there through a broken window," Soto said.

The PNH headquarters building, located near the Armed Forces Command, was thoroughly searched by a specialized Honduran Police unit. No more bombs were found.

* Economic Reforms, Inflation Hurt People

90CA0112D San Pedro Sula LA PRENSA (Business Supplement) in Spanish 23 Jul 90 p 1

[Article by German Reyes]

[Text] Tegucigalpa—Day after day, thousands of Hondurans living in poverty wake up worrying how they will manage to provide their families with daily sustenance in the face of the uncontrollable rise in prices of staple foods.

The precarious living conditions of Honduras's poorest families have become exacerbated since March, when President Rafael Leonardo Callejas's administration put into effect a Law on Structural Realignment of the Economy [Economic Rehabilitation Law], requiring a "sacrifice" by all social sectors.

As seen by Callejas, who said that the prices of staple foods could rise by as much as 20 percent, "the time has come for major sacrifices and decisive action."

He is aware, he said, that the popular approach lies in paying lip service, but, in his view, the decisions he is now implementing "are those that are necessary to bring prosperity to Honduras."

The president said that "although today is difficult, tomorrow will be better," and that abusive rises in the prices of staple foods will be avoided.

Callejas pointed out that seven of every 10 Hondurans live in poverty, that 10 percent of the population controls 50 percent of the nation's wealth, and that 50 percent of the population has access to only 7.8 percent of "our prosperity."

Concern is growing day by day in the poorer sectors as the prices of grains, meats, fruits, vegetables, rents, education, clothing, and other products and services continue to rise, while wages remain stagnant.

In the cities, housewives are continually denouncing the unmitigated rise in prices and complaining that the appropriate authorities are failing to exercise the strict control needed to stem inflation.

Some products cost twice as much today as they did four months ago, drastically reducing the consumer's buying power.

Sources in the Ministry of the Economy state that the rate of inflation is 16 percent. But according to some economists, the current rate is 20 percent and will continue rising at the expense of persons at the lower income levels.

One economist has commented that the inflationary rise is the result of external factors, such as the rise in prices of oil, machinery, medicines, and other imported products.

Added to these are the austerity measures aimed at reducing consumption so as to reduce the drain on hard currencies, and the increased cost of foreign exchange.

An official source indicated that a comparative study was made of price rises for the products in the statistical family food basket between January and March.

What emerges is that, since the consumer price index for cereals and vegetables was 146.03 percent during March, the rise for that month was 46.03 percentage points over the normal price of these products.

Last Tuesday, the increase promulgated was a five percent rise in IHSS [Honduran Social Security Institute] assessments, for a medical service it provides, very inadequately, in only three cities throughout the country.

* Crisis Affects Health Services, Nutrition

90CA0112C San Pedro Sula TIEMPO in Spanish 27 Jul 90 p 3

[Text] Tegucigalpa—Representatives of the country's economic and medical sectors concurred yesterday in the view that, as a result of the government's austerity measures, health services are becoming less and less available to the underprivileged classes, and deplored the silence into which the people have lapsed regarding this situation.

This view emerged yesterday from discussion during a roundtable sponsored by the Department of Preventive and Social Medicine, as part of the proceedings commemorating the department's 23rd Anniversary and III National University Day.

Participating in the roundtable, the theme of which was "Effects of the Law on Structural Realignmnent of the Economy [Economic Rehabilitation Law] on the Health of the Honduran," were Edwin Araque Bonilla for the College of Economists; Hugo Noe Pino, university professor; Raul Leitzelar, president of the College of Chemists; Salvador Pineda, president of the College of Medical Doctors; and Alba de Mejia, president of the Visitacion Padilla Women's Committee.

The participants pointed out that the high cost of living has a direct repercussion on the nutritional level of Hondurans, in that, owing to the economic crisis, many families are unable to buy staple foods.

They also emphasized the spiraling cost of pharmaceuticals and the poor quality of the medical attention being provided in government hospitals.

From a social standpoint, they deplored the silence of the people, whom they termed "repressed," in that they no longer protest at all.

Nicaragua

FSLN Releases 'Message to the Nation'

PA1709205290 Managua BARRICADA in Spanish 14 Sep 90 pp 1, 3

["Message to the nation" issued by the Sandinist National Liberation Front National Directorate in Managua on 13 September—read by Commander Luis Carrion Cruz at a news conference with local and foreign reporters]

[Text] Nicaraguan brothers:

I am addressing you during this month of September, spurred on by the same patriotic spirit that encouraged men like Jose Dolores Estrada and Andres Castro to confront the Yankee filibusters in an intense display of heroism. New dangers threaten us today, and the fatherland is once again demanding its sons' love.

Nicaragua and its people are facing the deepest social and economic crisis of the past few years. Political revanchism and the pro-IMF and antipopular measures adopted by Violeta Chamorro's government are throwing us into a situation of growing poverty, social decay, and indiscriminate violence.

1. Unemployment is increasing in both the countryside and the city, forcing thousands of families to experience hunger and desperation.

The rapid deterioration of basic health services has opened the door to the emergence of epidemics—some of which had already been overcome—which have been claiming the lives of many children.

Within a few months, Nicaragua has become one of the world's most expensive countries in which to live. Prices in gold cordobas are beyond reach, the collection of public service tariffs has been "dollarized," and meager salaries are strangling most families.

Poverty and malnutrition have reached alarming levels, and social insecurity and crime are growing concurrently because of the rapid process of decay.

An economic recession and a barrage of imports have driven hundreds of small, medium, and even large businesses to bankruptcy; excessively high production costs have demoralized the producers who have managed to survive; and the financial system's support is insufficient or not altogether existent.

Encouraged by radical UNO [National Opposition Union] leaders, the demobilized contras and peasant groups are occupying APP [People's Ownership Sector] and cooperative farms in different parts of the country, thereby prompting a response from the people affected. All of these factors are gradually creating a climate of insecurity and violence in the country that has already resulted in people being killed or wounded.

Never before—not even during the harshest period of the war imposed by the Reagan administration—have our people encountered so many problems.

2. The situation is truly explosive, and a solution will be difficult to achieve, but with its actions the government is only worsening it, because it is failing to realize that it is leading the country to chaos and violence.

Political revenge continues to be a cause for dismissals at state businesses and institutions in open violation of agreements signed with the National Workers Front.

Clearly vengeful bills and offensive campaigns of the same nature launched by the president's newspaper; threats of stripping land and homes from beneficiaries of Law 85; and attempts to return properties to Somozists and oligarchs through the implementation of Decree 11-90 are all clear ways in which the government is threatening national stability.

New and more drastic cuts in the national budget and loans for producers have been announced while the devaluation race continues, and the people are sinking further in destitution and hopelessness.

This situation cannot continue. Urgent measures are needed to save the fatherland.

3. The FSLN [Sandinist National Liberation Front] firmly advocates an authentic national concerted effort [concertacion] as the only way to overcome the political, economic, and social crisis in the country. We all need this concerted effort to ensure that there will be lasting and stable peace in Nicaragua. The government, however, bears the brunt of the responsibility of creating minimum conditions to ensure that this effort will produce the desired results.

Those conditions presently do not exist. Political revenge, unjustified dismissals, and the constant noncompliance with agreements and commitments acquired by the government have caused logical doubts among workers and other groups regarding its good faith and seriousness.

It is necessary to create a favorable climate to restore mutual confidence among the participants in the national concerted effort. Therefore, with patriotic responsibility, the FSLN demands: that the government fully complies with the agreements signed with the workers; that the government abrogate Decree 11-90, which has produced insecurity among thousands of families; that strong measures be taken against government officials who promote or permit revengeful actions; that respect for land, lots, and houses delivered by the revolution be guaranteed; and that no more economic measures that further aggravate the people's critical situation be unilaterally implemented.

The polarization of our society conspires against the possibility of conducting a successful national concerted effort. Consequently, the FSLN calls on the various groups in our nation, who are aware of the need for peace and stability, to reject revengefulness and strengthen our democracy by strictly adhering to the Constitution and the state of law to contribute to the necessary national reconciliation.

4. The national concerted effort must be established as the government's democratic means to solve the greatest discrepancies in the country's political, social, and economic life. We are convinced that stability can only emerge from consensus and never by imposing technocratic and unpopular policies that are rejected by the people.

The economic dialogue should be conducted through direct negotiations among the government, workers, small producers in the countryside and cities, and management. They should all agree on a balanced distribution of sacrifices and necessary costs to achieve greater economic stability so that the poor masses and the weak will not continue to bear the brunt of these sacrfiices.

In its first stage, the main result of the national concerted effort should be a reconciliation of the government's economic policies with the vital needs of the people. Those who have more should contribute more to the economic effort so that those who have less will not starve. This is the only way that the national concerted effort can contribute effectively toward national stability.

The FSLN believes that it is indispensable for the the national concerted effort to resolve, among other things, the following matters that affect most of our people: exorbitant prices; measures to curb the serious unemployment problem; effective protection of the workers' and producers' incomes in view of the constant devaluations; the preservation of education and health coverages existing on 25 April; and actions of social protection for the most vulnerable sectors of our people, such as pensioners, the handicaped, and orphans.

5. The FSLN hereby calls on all the workers and people to remain active and belligerent and to struggle for their rights with all available means. The people's struggle has forced the government to seek this concerted effort. The people's struggle will lead the national concerted effort to a successful end.

Free Fatherland or Death

National Directorate, FSLN

Managua, 13 September 1990.

Panama

Endara Views Gulf Crisis' Economic Consequences

PA1809012490 Panama City Domestic Service in Spanish 0002 GMT 18 Sep 90

[Speech by President Guillermo Endara in Panama City on 17 September—live or recorded]

[Text] Compatriots, I address you at a time of great expectation. The Panamanian people want to know what

the consequences of the increase in oil prices we buy from other countries will mean to them.

Since Iraq invaded Kuwait, and the United Nations imposed economic sanctions on Iraq, the world's oil supply has decreased. Both Iraq and Kuwait are among the most important oil-producing countries in the world. One out of every 10 barrels of oil produced in the world is produced by either Iraq or Kuwait. The decrease in the oil supply has led the remaining oil producing countries to increase their prices.

There is nothing that the oil-consuming countries like ours can do in this situation except consume less oil by-products. We can be more creative and depend less on imported oil as our source of energy. Whether we like it or not, we must promote energy conservation. We cannot waste what we lack and what costs so much abroad.

All the oil we consume comes from other countries. We use oil mainly to produce cooking gas, kerosene, diesel, gasoline, aviation fuel, and bunker oil, which is mainly used by IRHE [Institute of Hydraulic Resources and Electricity] and our hospitals to generate electricity. Every time oil prices go up, the prices of all these products go up and all Panamanians are consequently affected.

As responsible leaders, our main concern currently is the unemployment problem. That problem will not be properly solved if our economy fails to recover. This is why we are interested in undertaking all the necessary measures that will lead to a prompt and firm economic recovery. We are encouraging the private sector to create more jobs. We have already begun a public investment plan to create more jobs.

We are, therefore, facing a dilemma, because while we have undertake these efforts and have begun to notice a slight but certain improvement in our economy, we are forced to face this calamity of the increase in oil prices. We, however, must face reality.

The last shipment of oil we received early this month cost $28 a barrel. This represents a $10-dollar increase per barrel. If this price continues, we will have to pay an additional $20 million to the oil-producing countries until December 1990. Moreover, if this price continues, we will have to pay approximately $60 million more in 1991. If oil prices surpass $28 per barrel, we would have to pay more this year and much more next year.

The Cabinet council has held lengthy and in-depth discussions on all possible options, and we have always reached the same conclusion. No matter what option we take, all Panamanians will pay the price, either directly or indirectly.

If the government assumes the increase, it will be forced to suspend work projects and stop rendering services. We can build 1,800 classrooms or 250 medical centers with all the basic facilties with 20 million balboas. We can build 60 km of the best concrete highway or a hospital furnished with 200 beds such as the Manuel Amador Guerrero Hospital in Colon with 20 million balboas. The Social Security Fund can purchase half of all the medicines and drugs required to meet its demand for one year with 20 million balboas. We can build the road from Guabito to Changuinola five times, and we can hire 30,000 jobless people until the end of the year with 20 million balboas. We can build 4,000 housing units for needy Panamanians with 20 million balboas.

If the government does not assume the increase, and instead what the oil-producing countries charge us is transferred to the public, there will be a general increase in prices. The prices of fuel, urban transportation, transportation of cargo and foodstuffs from the interior, electricity costs in all Panamanian homes, in sum, the cost of living of literally all Panamanians, will go up.

After examining all the options, we have decided that until 31 December and as long as the price of a barrel of oil does not exceed $28, the government will assume the increase. I repeat, the government will assume the increase.

In addition, I ordered the commerce and industries minister, in conjunction with the ministers and entities that he deems relevant, to do, among other things, the following: first, to publicize everything regarding prices, taxation, and supply of hydrocarbons so as to end, once and for all, the taboo that surrounded this matter under the military regime; second, to effectively implement an energy saving campaign to minimize the total volume of petroleum that we have to import; third, to speed up the revision of agreements on the purchase and sale of petroleum—namely, the Coral Gable Agreements between the government and the Panama Refinery concerning compensation and profits of the Panama Refinery for the years 1990 and 1991; fourth, to continue steps with Venezuela, Ecuador, Mexico, and other oil-producing countries to obtain better conditions than the existing sales terms and prices for crude oil; and fifth, to publicize the study on the real impact that may result with an increase of oil by-products so that the general public is well-informed and abuse and speculation are therefore prevented.

Compatriots, upon making this sacrifice, the government assumes the increase in the price of oil until 31 December. It does this to prevent punishing the economy at a time it is beginning to recover. By the same token, thanks to this government's sacrifice, there will not be an increase in the price of any product or service under the pretext of an increase in the price of oil, because the government will assume such an increase until the end of the year.

It must be clear in everyone's minds that the sacrifice must be shared by all, especially now because the government belongs to all. The government does not belong to the president, to his ministers, or to political parties. The democratic government belongs to the Panamanian people as a whole, and it has been called upon to serve

the people. If its economic capacity is reduced, its resources are also reduced, as well as its capability for providing solutions to the country's requirements.

We cannot fool ourselves with measures that can be food for today and hunger for tomorrow. I have always spoken truthfully to you. The truth is that if the current conditions do not improve or if they worsen, an increase in the price of fuels and other by-products will be inevitable. We must therefore change our habits regarding oil by-products. We must save more, consume less, and be more productive.

Let us get down to work right now. We cannot allow these problems to obstruct the progress we can achieve with our efforts. Nothing can stop us. Nothing will stop us. Together we will overcome this obstacle, because there is no obstacle we cannot overcome if all Panamanians join efforts to overcome it. Thank you and good night.

Linares on 'Compensation' for U.S. Invasion

PA1709161190 Panama City LA ESTRELLA DE PANAMA in Spanish 15 Sep 90 pp 1-a, b-4

[Report by James Aparicio]

[Text] Foreign Minister Julio Linares has said that Panama and the United States use "different criteria" regarding the demands for compensation for the victims and businesses affected by the 20 December 1989 military intervention.

In statements to the local and international press, Linares reiterated that Panama "has defined" a policy of claims for compensation and repair for the damage done by the U.S. military action. He did not, however, provide any details on the issue.

Linares admitted that U.S. Ambassador Deane Hinton has his reservations. He said that the ambassador told the press during the week of 9 September that this is not the right time to demand economic compensations.

Linares explained that Hinton's stand "is that of not discussing the issue. Our stand is the contrary," he added.

Some 500 persons, including civilians and military personnel, died in the fighting nine months ago, according to official statistics. Independent human rights groups, relatives, and opposition members, however, claim that over 1,000 died.

Concerning an agreement to permit U.S. patrolling in Panamanian waters, Linares stated that Deputy Foreign Minister Jose Raul Mulino is discussing the agreement with his U.S. counterpart, and there "has been much rapproachment."

Linares avoided giving details, but he said that there will be U.S. training ships or Panamanian ships with U.S. support patrolling the national seas to prevent the transshipment of drugs, mainly from Colombia.

Concerning the controversial Agreement on Legal Mutual Assistance that has been criticized by the main business, legal, commercial, and banking associations of the country, Linares announced that on 18 September the National Commission of Foreign Affairs will study the draft agreement.

Linares announced that prior to presenting the Panamanian viewpoints to the U.S. negotiators, all sectors involved will be "consulted."

According to those criticizing the assistance agreement, the document will allow the United States to investigate bank accounts, corporations, and any commercial transaction carried out in the country, thus violating "the commercial and economic sovereignty and affecting the secrecy" of the financial system.

Linares admitted that there are "conditions" attached to the disbursement of the $420 million donation approved by the United States four months ago, but he said that he will not sign "an agreement that will finish the banking center."

The conditions "do not exist," Linares explained in a contradictory manner, if one literally analyzes the text of the donation document. He added, however, that "evidently, there are pressures."

According to the text that has not been published by the government, Panama must show "progress" in the signature of the Treaty of Legal Assistance; present an economic adjustment plan; and give proof of its plans to amend the labor, commercial, banking, and industrial laws.

The government must present to the United States a plan for handling public finances, a plan to privatize state property, and "evidence" that it has agreed on an economic plan with the approval and support of the Inter-American Development Bank (IDB) and the International Bank for Reconstruction and Development (IBRD). Linares said that the agreement, however, "does not oblige" the country to comply with everything requested by the United States.

"The plan does not obligate us to do anything, and we can throw it into the waste basket," Linares added, while expressing doubt that the Legislative Assembly will approve the majority of the reforms that are needed to receive the monies donated by the United States.

Linares said that "the agreement does not obligate us to do anything," but he admitted that "it may exert a certain pressure."

A diplomatic source said, however, that Panama is at "a deadlock," and the majority of the U.S. demands "will have to be complied with and the agreements will have to be signed."

Argentina

President Menem To Meet Kuwaiti Envoy

PY1709141090 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1226 GMT 17 Sep 90

[Text] Buenos Aires, 17 Sep (NA)—The deployment of troops to the Persian Gulf could be announced today after a meeting between President Carlos Menem and Kuwaiti Electricity and Water Minister Hamud 'Abdallah al-Ruqba at 1900 [2200 GMT]. The Kuwaiti minister will ask Menem "to continue applying pressure on Iraq at all levels."

"We would welcome an Argentine decision to share the military effort," the Kuwaiti official stated. During his meeting at Government House today, the minister will also ask Menem to continue applying pressure on Iraq "in all actions that would serve to isolate the aggressor."

The minister indicated that the naval blockade will be progressively expanded and will be completed with an air blockade, "and we believe Argentina's participation is important—the same as that of all of Latin America, which should participate in the multinational force."

The Kuwaiti official made these remarks to the newspaper CLARIN, and he also stressed that during his meeting with Menem, they will discuss "every form of pressure, but we will let this country's government decide."

The importance the exiled Kuwaiti Government gives to the participation of Latin American countries in the conflict is based on "a question of principle, because the participation of Argentina and other South American countries could be symbolic, but any way, it will be very much appreciated."

The Arab official highlighted the decision by his country and other Gulf countries to share the economic cost of the multinational force in a clear allusion to the monetary difficulties the South American countries would have in sending their troops to the area of conflict.

Regarding the rest of the Latin American countries, the minister stressed that they had demonstrated firm solidarity with Kuwait and on the unconditional withdrawal of Iraqi soldiers.

He indicated that in his talk with Fidel Castro, "there had been a different tone because he agreed that the Iraqi troops should withdraw, but he expressed the need for humanitarian aid to be given to the population of Iraq and my country, something that our government shares, but only through organizations such as the Red Cross."

"Latin American countries should participate in the multinational force because they are important countries, and I believe they should share the effort of the rest of the world," the minister stressed.

The Arab official will hand Menem a personal letter from the amir of Kuwait, and he will express the gratitude of that nation and its government to Argentina "for its firm position regarding the gulf crisis, which is based on principles."

"I will ask the Argentine chief of state for all types of international action and all types of pressure on Iraq," the 35-year-old minister said. The Arab official's mother and sisters are in Kuwait, and he has had heard no news of them.

Government Studying Kuwaiti Request

PY1809025590 Buenos Aires Argentina Televisora Color Network in Spanish 2300 GMT 17 Sep 90

[Text] A meeting between Argentine President Carlos Menem and an envoy from the Kuwaiti Government concluded a few minutes ago at Government House. The following is a statement by Foreign Minister Domingo Cavallo.

[Begin Cavallo recording] A formal request was made not only by the Kuwaiti electricity and water minister but also by several Arab governments and other countries helping to establish a multinational force to enforce the economic blockade against Iraq.

But this request is not strictly for the sending of troops. People associate a request to send troops with the idea of sending troops to intervene in a war in the Persian Gulf. This is not the case.

We have been asked to support the establishment of a force to enforce the economic blockade against Iraq. This helps in seeking a peaceful solution to the conflict by letting it be clearly known to Iraqi President Saddam Husayn that the entire world condemns his decision to invade Kuwait and demands the withdrawal of the invading troops from Kuwait.

The request made to us is being studied. There are several things that must be taken into consideration, and we are making the proper consultations. We will make a decision at the proper time.

We have not made a decision. This is why I am not in a position to state the answer of the Argentine Government. [end recording]

National Grain Board Officials Discuss Sales

PY1809031890 Buenos Aires DYN in Spanish 0150 GMT 18 Sep 90

[Text] Buenos Aires, 17 Sep (DYN)—Guillermo Moore de la Serna, president of the National Grain Board, JNG, today said that wheat deals with Iran have "not" been closed and that "no" agreement was reached on wheat prices.

The Argentine Government has offered to sell wheat at a fob [free on board] price of $80 per ton, a price that "was not accepted" by Iranian officials, who offered a price "considerably lower" than on the international markets, which are offering wheat at $70 per ton.

Moore de la Serna visited Iran 10 days ago to try to close wheat deals with that country based on agreements signed last year and renewed again this year.

The Argentine Government does not include Iran in the prohibition on wheat sales and, according to a decision adopted by the UN Security Council, the commercial blockade "is only meant for Iraq."

This is why last 10 September, while commemorating the day of Small and Medium-Size Industries, PYMES, Argentine President Carlos Menem said that Argentina would "strictly" obey the UN decision on the blockade of Iraq. He also noted that our country would comply with its remaining trade agreements, which include Iran.

However, well-informed Agriculture Secretariat sources today revealed that Argentina has "not ruled out" the possibility of alleged "strong pressure" by the U.S. Government to force Argentina to "temporarily suspend" grain supplies to Iran, especially following Iran's decision to restore relations with Iraq.

The suspension of trade transactions with Iraq and Iran represents a $500-million loss for Argentina—for more than 5.5 million tons of wheat between the two countries—since Iran and Iraq buy "nearly 50 percent" of Argentina's exportable wheat surplus.

JNG officials said: "Argentine wheat, however, will have no trouble being sold" in other markets. The officials added that the consequences of noncompliance with wheat contracts were relative. They admitted, however, that "a more aggressive foreign policy should be implemented" to export Argentine cereals.

Considering the wheat surplus of the last harvest—about 700,000 tons—and the estimated harvest for next December, there will be approximately 8 million tons of wheat for sale.

Foreign Minister Cavallo Departs for Meeting

PY1509014590 Buenos Aires DYN in Spanish 2318 GMT 14 Sep 90

[Text] Buenos Aires, 14 Sep (DYN)—This afternoon Foreign Minister Domingo Cavallo departed for Rio de Janeiro to participate in the meeting of the Latin American Businessmen's Council.

This meeting, which is being held by the highest level of Argentine and Brazilian businessmen, began on 13 September.

The foreign minister will speak during tomorrow's luncheon. He will speak on the topic of "Argentina and Brazil, [word indistinct] Integration Process and the Role of Businessmen. [no closing quotation mark as received]

Cavallo will return to Buenos Aires on 17 September.

Cavallo Returns From Rio de Janeiro

PY1709231790 Buenos Aires TELAM in Spanish 1444 GMT 17 Sep 90

[Excerpt] Buenos Aires, 17 Sep (TELAM) — Foreign Minister Domingo Cavallo has announced that within the next few hours the government will adopt a decision regarding the eventual deployment of troops to the Persian Gulf after evaluating "other current aspects regarding this conflict."

While talking to the press at Ezeiza International Airport upon his return from Rio de Janeiro, Brazil, the foreign minister was asked whether the executive branch or Congress would adopt a new decision on Argentina's position [words indistinct], and he stated that "it depends [words indistinct] should be adopted." [passage omitted]

Debt With France Normalized, Rescheduled

PY1509183090 Buenos Aires TELAM in Spanish 1130 GMT 15 Sep 90

[Report by Francois Lepot]

[Text] Paris, 15 Sep (TELAM)—Argentina has signed an agreement with the Paris Club, thereby normalizing the status of its $209-million debt to France contracted by importing capital goods [bienes de servicio]. This agreement normalizes payments that have been overdue since 1988 and reschedules obligations through March 1991.

This is the third operation of this kind since the 1982 foreign debt crisis in Latin American countries. The bilateral agreement signed yesterday implements the 1989 Paris Club multilateral act for Argentina.

The agreement will allow the French Government to provide risk coverage for lines of credit that French companies may open to finance exports to Argentina. Therefore, in addition to normalizing the financial situation, the agreement has made it possible to increase trade and cooperation.

Argentine Ambassador Rodolfo Gelbard and Paris Club Secretary General Nicolas Jachiet [name as received] signed the agreement.

World Bank To Give Loan for State Reform

PY1409234290 Buenos Aires BUENOS AIRES HERALD in English 14 Sep 90 p 3

[Text] (DYN)—Economy Minister Antonio Erman Gonzalez yesterday held talks with World Bank Vice-President Moeen Qureshi on the progress of the government's economic plan and on the credit lines due to be disbursed by the World Bank in Argentina.

Treasury officials confirmed that the World Bank, in coordination with the Interamerican Development Bank (IDB), will provide a total loan package of one billion dollars to aid the government's state reform programme.

Qureshi, who is on a three-day visit to Argentina, is scheduled to meet with President Carlos Menem today, after which he is due to give a press conference at 3 pm in the Plaza hotel.

Government Reports Jobless Rate at 1.3 Million

PY1409234490 Buenos Aires BUENOS AIRES HERALD in English 14 Sep 90 p 11

[Text] (NA)—Some 1.3 million are jobless or underemployed in the country's main urban centres, INDEC [National Institute of Statistics and Census] government statisticians revealed yesterday.

Of this total, 628,000 are completely out of work, including 228,000 in the interior, while 680,000 are underemployed, including 300,000 in cities other than Buenos Aires.

The unemployment rate in Greater Buenos Aires is now 8.8 percent. Several cities have even higher unemployment, including Rosario, Santa Fe, Tucuman, Parana, San Juan, Bahia Blanca, Comodoro Rivadavia, Catamarca and Ushuaia.

Brazil

Secretary Discusses Army Nuclear Project Details

PY1709160490 Rio de Janeiro O GLOBO in Portuguese 16 Sep 90 p 38

[Report by Paulo Motta]

[Text] According to General Romero Lepesqueur, Army secretary of science and technology, the Army's new slogan in connection with its nuclear projects is "demystify." An interview that he granted O GLOBO on Thursday, 13 September, marked the beginning of an "opening" process in the nuclear research conducted by the Army, the last of the Armed Forces services to give the press access to its nuclear facilities now that the Navy and Air Force projects are better known by the general public.

The Army project is easy to understand. At the Army Technological Center's (Cetex) Institute for Special Projects (IPE) in Guaratiba (Rio de Janeiro State), the Army is developing a nuclear reactor that uses natural uranium for fuel, air for cooling, and graphite as a moderating factor. This reactor is called an Experimental Irradiation Reactor [Reator Experimental de Irradiacao] (REI). Thus, the Army has been able to develop pure nuclear graphite, making Brazil the seventh country in the world to develop this strategic technology. The Army already has a subcritical reaction unit that is suitable for research. The REI, which has been included in the National Nuclear Energy Program, is being studied by President Fernando Collor and may be ready in 1994.

The main thing about this reactor is that it "produces" more plutonium than other types of reactors. Plutonium, which is one of the key components of nuclear weapons, comes out as a by-product mixed with spent fuel from the reactor. Because so-called international safeguards do not apply to the REI, this means the use of plutonium obtained in this way is not subject to International Atomic Energy Agency inspection.

However, Gen. Lepesqueur said the Army does not plan to use this plutonium for any purpose whatsoever, adding that it must first be reprocessed to separate it from spent fuel. The objective is to develop the so-called Modulated High Temperature Gas-Graphite Reactor (MHTGR), which is also being developed by the highly industrialized nations.

"Our plan is to fill a vacuum in the Brazilian nuclear program: production of the MHTGR. These are the reactors of the future because of their inherent safety. It is the Army's contribution to the development of nuclear energy in Brazil. The Army has no specific objectives in nuclear research. We are merely following the suggestions of the National Commission for Nuclear Energy and the Secretariat for Strategic Affairs. There are no tanks moved by nuclear fuel. Armies use nuclear energy only for their nuclear artillery pieces (guns that fire tactical atomic bombs)," Lepesqueur said.

He also guaranteed that the Army will not use the plutonium that will come from the reactor, but will store it together with other spent fuel elements in a nuclear waste reservoir.

"How to use the plutonium that must be separated from the fuel burned by the reactor is a government decision. Furthermore, one must want to do it, and have the necessary technology and a considerable amount of burnt fuel," Lepesqueur said.

IPE Director General Nelson de Almeida Querido, of CETEX, explained that in order to avoid doubts about or a misinterpretation of the nuclear research that the Army is carrying out, it has been decided that the REI should produce no more than five megawatts of power instead of the 10 megawatts proposed in the original project.

"We could even build it to produce just two megawatts of power, which would be cheaper and would allow us to use refrigeration systems already available on the local market. These are strategic limitations to make it clear that the Army has no intention of getting plutonium to make nuclear weapons. In other words, it will have the lowest power possible. The REI will only be used for research," Gen. Querido stated.

Even so, the REI will be able to produce approximately 400 grams of plutonium mixed with spent fuel each year. This plutonium will be the result of the burning of uranium-235 in the reactor; this releases neutrons that are captured by uranium-238, which becomes uranium 239, the best plutonium there is. According to experts, 17 kg of plutonium are needed to build an atomic bomb.

However, despite all of the Army pledges that it will not use plutonium, its own technicians admit that the Army's plan for the development of nuclear technology is very similar to the one followed by the United States in

the forties to produce the first atomic bomb. Thus, the subcritical unit at CETEX is similar in concept—although not critical—to the Fermi pile (built by Enrico Fermi in 1942) and the REI will be similar to the X-10 reactor, the first in the world, which was built in Oak Ridge 11 months after the Fermi pile. After that, the Americans built the Hanford reactor and produced plutonium for the first atomic bomb.

"It is true that nuclear technology began with a reactor like the REI. These are the simplest of all reactors. However, the X-10 was a lot more powerful (20 megawatts as opposed to REI's five) and capable of producing up to four kg of plutonium per year. The Army guarantees that the REI is purely a research reactor. However, the USSR and the United States use similar, although larger, reactors to produce plutonium," Gen. Querido said.

Air Force Projects Include Reactor, Lasers

PY1709182290 Rio de Janeiro O GLOBO in Portuguese 16 Sep 90 p 39

[Report by Jose Eustaquio de Freitas]

[Text] Sao Jose dos Campos—The Air Force has two large projects in the nuclear area that come under the direct coordination of the National Nuclear Energy Commission [CNEN]; they are advancing very slowly due to the lack of funds, and to ease international pressure. Theoretical studies and preliminary drafts and specifications for a rapid regenerator reactor [reator regenerador rapido] have been handed over to CNEN, which will use them to make a joint program with Argentina viable. As for enriching uranium with laser rays, this program will wait for improvements in laser technology, giving priority to the ultracentrifugal process that has been developed by the Navy and the IPEN [Institute for Nuclear and Energy Research].

The main types of research at the Aerospace Technical Center (CTA) emerged in 1975 after the return of researcher Sergio Porto to Brazil; he died in 1979. To make his project of enriching uranium with laser beams viable, Porto joined a group of military researchers that included Colonel Jose Alberto Albano do Amarante, who died in 1981; Colonel Reginaldo Santos, who is currently director of CTA's Institute of Advanced Studies; and Rear Admiral Othon Pinheiro da Silva, coordinator of the Navy's nuclear research at Aramar Center.

The suspicion of international organizations about the manufacture of atomic bombs by Brazil has caused numerous difficulties for the progress of that research. The death of Colonel Jose Albano do Amarante in October 1981 interrupted the research in enriching uranium with laser beams, and it became necessary to divide the project into stages. The development of laser technology for use in industrial, medical, military, and space equipment projects was chosen, while theoretical studies and preparation of an expanded program continued.

Rapid reactors continue to be a CTA priority, but its studies have been handed over to the CNEN for two reasons. A choice for economic or strategic reasons could be made between a reactor that transforms thorium into uranium or a reactor that transforms uranium into plutonium.

The CTA is proposing the use of an experimental 100-megawatt reactor capable of using Brazil's reserves, which are estimated at 220,000 tons of uranium or 1.3 million tons of thorium.

Until there is a decision on these programs, the Air Force is implementing minor projects in the nuclear sector. The main ones are a thermal-electric generator to provide energy for radar stations and other equipment in remote parts of the country, such as the Amazon area.

Another project contemplates manufacturing a rapid reactor to generate energy for satellites. The reactor would be fueled by uranium and cooled with liquid lithium, would generate 100 megawatts, and would have a five to 10 year life in space. The CTA believes this reactor will be ready in 10 years.

This type of reactor only begins to function when the satellite enters the correct orbit. CTA scientists hope to build one similar to the so-called SP-100 that exists in the United States and has already been tested by the North Americans and Sao Carlos University; they are now trying to obtain a type of refractory connector capable of withstanding temperatures above 600 degrees, heat tubes, and converters for the electrical heat generated by the reactor.

Within three years the CTA hopes to have a prototype that uses electricity to simulate the reactor's operation; it must ask the IPEN, with the participation of national industries, to manufacture the equipment.

Further on Army Reactor Research

PY1709192290 Rio de Janeiro O GLOBO in Portuguese 16 Sep 90 p 38

[Text] Close to 50 experts are currently working at the Army Technological Center's [Cetex] Institute for Special Projects (IPE). After four years of research this institute has put a subcritical unit into operation for use in parameter studies. This unit looks like a two-meter-high cube, and it is filled with a pure graphite structure and contains radioactive materials.

It is a subcritical unit because it does not allow self-sustained nuclear reactions as in critical units (reactors), and because it requires an external neutron-emitting source (in this case, americium-beryllium). According to General Nelson Querido, the unit does not need bars to control the flow of neutrons.

IPE's main objective is to build its first critical unit: the Experimental Irradiation Reactor (REI).

A subcritical unit multiplied by eight and with a self-sustained reaction is the basis of the REI, Gen. Querido said.

According to the general, the REI will essentially be a very low power research reactor. He added that its basic design is in an advanced stage. The REI would be built in a six-story building inside Cetex. The core will be made up of nearly 500 tons of pure graphite that will hold cylinders of natural uranium. The unit will be surrounded by an armor of heavy concrete, and the atomic reactions in it will be controlled by 16 bars of boron wrapped in steel or aluminum with the power to absorb the neutrons that can start a chain reaction. A secondary system made up of boron pellets inserted in the core though holes drilled at a diagonal will stop the reaction in case of an emergency.

The unit will be refrigerated with air blown by an exhaust system. The air will be filtered before entering the core to eliminate impurities, and after entering the core to eliminate irradiated particles. The air that is heated by the reactor will be cooled by a 60-meter-long chimney-like device. As for potential combustion of the graphite as a result of tensions caused by reactor activity, Gen. Querido explained that the residue will be eliminated through a regular "recooking" of the graphite to eliminate those tensions.

In fact, the REI will only be the first step before construction of a High Temperature Gas-Graphite Reactor (HTGR), which is refrigerated by carbon dioxide, and before a Modulated High Temperature Gas-Graphite Reactor (MHTGR), which is refrigerated by helium. According to the IPE director, the process will take 20 years of research, but these are the reactors of the future for energy production because the security is passive—that is, they have a capacity for self-control and can thus avoid accidents.

According to IPE nuclear engineer Colonel Antonio Carlos Ruas Santos, the HTGR reactors use 20 percent enriched uranium, mixed with thorium, as fuel. The MHTGR is modular and can be expanded. Each module can generate 135 megawatts.

Because they are intrinsically secure, these reactors can be built near cities and industrial complexes to generate electricity, or even to heat up residences, desalinize water, or heat up boilers. Another security factor is the fact that the core is underground, and excess heat can be radiated to the surrounding concrete structure and the soil around it, Col. Ruas said.

The first experimental HTGR's were developed in the United States and the FRG in the 1970's. The MHTGR's were developed in the United States in the 1980's, but they are still awaiting licenses. According to Gen. Querido, in the future these types of reactors could be used as mobile energy generators—a small reactor weighing 15 tons could be used to generate energy in war situations.

As for criticism that the uranium-graphite reactor is already obsolete, the IPE director stressed:

The PWR's [Pressurized Water Reactors] will dominate the field for a long time to come, but the security and efficiency of HTGR reactors will prevail.

More Than 50 Experts Researching

PY1709182290 Rio de Janeiro O GLOBO in Portuguese 16 Sep 90 p 38

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Spokesman Reports Diplomatic Activities in Iraq

PY1709151890 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 17 Sep 90

[Report by Cristina Indio do Brasil]

[Text] The special mission led by Ambassador Paulo Tarso Flecha de Lima is in Baghdad negotiating the exit of 261 Brazilians from Iraq. Today the mission will meet with the Iraqi commerce [as heard], oil, and foreign affairs ministers as well as with the Revolution Command Council.

This information was released by Itamaraty spokesman Jose Vicente Pimentel.

On Sunday [16 September] the mission met with the Iraqi agriculture and irrigation and industry and military industrialization ministers as well as with the president of Somu, the Iraqi petroleum corporation, which is equivalent to Petrobras [Brazilian Petroleum Corporation].

According to the Itamaraty spokesman, the meetings on Sunday were very cordial, and the mission will only leave Iraq when it deems it necessary.

[Begin Pimentel recording] We expect the mission to achieve complete success very quickly. The question is that throughout this long, time-consuming negotiation with the Iraqi Government, it has proven a nearly impossible task to set dates. Therefore, out of prudence, I prefer not to set any date. They will remain there as long as they believe their stay is useful, and let us hope that that period of time will be extremely short. [end recording]

As for the FAB [Brazilian Air Force] airplane that is to go to Iraq to bring back the Brazilians, Itamaraty spokesman Jose Vicente Pimentel said no date has been set. Its departure still depends on the granting of exit visas by Iraq.

Nuclear Waste Reprocessing Technology Mastered

PY1709234390 Rio de Janeiro O GLOBO in Portuguese 16 Sep 90 p 38

[Report by Fanny Zygband]

[Text] Sao Paulo— Brazil already has the technology to obtain plutonium by reprocessing waste from reactors and have thus mastered one of the most strategic stages of the nuclear cycle. The research was carried out at the Institute for Nuclear and Energy Research (IPEN) by the National Commission for Nuclear Energy (CNEN) which used plutonium simulators, like thorium or cerium, whose chemical behavior is identical to that of plutonium.

According to IPEN experts, the institute —which developed laboratory-scale reprocessing—will be able to produce plutonium on a larger scale three years after Brazilian reactors, respecting international safeguards, begin to supply enough burnt fuel.

This prediction was made by Fuel Cycle Director Alcidio Abrao, research coordinator of waste reprocessing and chief of a 10-person team especially created for this purpose. To master this technology took more than 15 years of studies and the installation of a "cold laboratory," so called because it does not use radioactive material.

All the fuel currently used by Brazilian reactors is purchased abroad and cannot be reprocessed because it is under international safeguard. This is why IPEN experts had to use plutonium simulators to develop this technology.

Abrao reported that some of the technology was acquired by researchers who were sent to study in Germany, France, Spain, and Italy during the 1970's. Since then Brazil has found that all the doors to nuclear technology have been closed because it has not signed the Treaty on the Nonproliferation of Nuclear Weapons.

IPEN Superintendent Spero Penha Morato expects his institute to totally master and demonstrate this technology to the country by 1999, and to pass it on to the industrial sector and to the Aeronautics Ministry, which

will need plutonium as a fuel for the reactors it plans to install in satellites and in radar and satellite repeater stations.

According to Morato, the plutonium may also be used by the Navy as fuel for the mini-reactors to be used in buoy signal systems or by the CNEN for the future development of a regenerator reactor [reator regenerador] which uses uranium and plutonium and which is capable—after nuclear fission—of generating a quantity of plutonium larger than what it consumes to generate energy.

Morato said that as far as technological training is concerned, the IPEN would have been able to produce plutonium within three years had the IEA-1 reactor used by the IPEN for research not been safeguarded by the International Atomic Energy Authority (IAEA).

Before the end of next year, the IPEN will load the reactor with the first totally national fuel (based on enriched uranium) which has been produced together with the Aramar Experimental Center, which the Navy runs in Sao Paulo State. However, given that the reactor is U.S.-made and that as such it is subject to IAEA annual inspections and safeguards, the IPEN may not use the fuel burnt in this reactor for reprocessing.

Morato said that the IPEN will necessarily have to wait until the first Brazilian reactors begins operating. The IPEN will try to adjust its schedule to the terms established by the Navy to finish the Renap 1—the reactor prototype for the nuclear submarine that will be ready for 1996.

Alcidio Abrao said that the research into transforming plutonium into plutonium oxide—an essential component in the manufacture of plutonium in tablets [pastilhas] to be used as nuclear fuel, are at an advanced stage.

In order to develop this technology, which Abrao considers to be "already started," the IPEN specialists are using thorium and gadolinium, two other plutonium "simulators" with similar chemical reactions.

Based on this, the IPEN program will be subdivided into two parts: one to study the reprocessing of waste and the other to design a plant for the installation of the pilot waster reprocessing mini-plant.

Nuclear Graphite Purification Technique Developed

PY1809003090 Rio de Janeiro O GLOBO in Portuguese 16 Sep 90 p 38

[Text] The mastering of the technology to produce pure nuclear graphite was a key point in the Army's nuclear project. The task was begun more than four years ago, and its definitive success only came about in March 1990, when Brazil became the seventh country in the world to produce this strategic element.

General Nelson Querido has said that we already have an experimental quantity that is of a higher quality than foreign batches to which we had access. Our material has a high density, a low level of boron and ash, a strong ability to absorb neutrons, and a good buffer section. The technology was developed jointly with the Tecmat enterprise of Nova Iguacu, Rio de Janeiro State, which has already begun production at the industrial level.

Graphite exists naturally, but due to impurities it can only be used for nonstrategic purposes, such as for pencils. Nuclear graphite needs to be produced artificially and can be used in the manufacture of special electrodes, such as those used for converting uranium paste into hexaflouride of uranium and rocket tubes.

The IPE [Institute for Special Projects] has already finished its pilot plant, where starting with flake [agulha] or regular coke, or with sticky [ligante] or impregnation pitch, the processes of grinding, homogenization, vacuumed mixing, pressing, and cooking, among others, result in the production of pure nuclear graphite.

Admiral Views Plutonium-Uranium Possibilities

PY1809014090 Rio de Janeiro O GLOBO in Portuguese 16 Sep 90 p 38

[Text] Sao Paulo—All reactors currently operating or under construction in the country—such as the ones at the Angra-1 power plant and research institutes and the future prototype reactor that will be used to power nuclear submarines—can easily be adapted to operate with a mixed plutonium and uranium fuel.

According to Rear Admiral Othon Luiz Pinheiro da Silva, president of the Navy Coordinating Board for Special Projects [Coordenadoria de Projetos Especiais da Marinha] (Copesp), two obstacles have so far been hindering this objective: the lack of nuclear fuel available outside international safeguards and the fact that our country has still not developed the technology to reprocess uranium to obtain plutonium on a large scale.

In his opinion, some of the current problems will be resolved by the end of this decade at the latest after the completion of the first national reactors built outside international safeguards: one to be produced by the Army, two by the Navy (one for submarines and another for testing materials), and a fourth planned by the National Commission for Nuclear Energy (CNEN) to produce radioisotopes.

He added that those reactors will bolster the uranium reprocessing program, which has been designed by the CNEN and is at the laboratory phase at the IPEN [Institute for Nuclear and Energy Research].

Pinheiro said that when the first reactor for the nuclear submarine begins to operate at full capacity (this will be in 1996, according to the Navy timetable), it will be able to produce—during the first five years—3.5 tons of waste for reprocessing. Of this quantity, 0.016 percent will be plutonium and a considerable portion will be reusable uranium.

Pinheiro estimates that Brazil's currently available uranium reserves can feed 30 large reactors of 1,200 megawatts each—this figure is equivalent to the power of the Angra-2 plant—for a maximum of 30 to 35 years. Plutonium will make it possible for Brazil to extend this period for 100 or 200 more years.

He said: According to studies by Eletrobras [Brazilian Electric Power Company, Inc.], in 20 or 25 years the cost of one kilowatt produced by a nuclear plant will be equivalent to the cost of one kilowatt produced by a hydroelectric power plant. This period must be used for research and development. If we do not do this, we will have to resort to more very negative nuclear accords, like the FRG-Brazil agreement.

Gilberto Gomes de Andrade, chief of the Copesp Reactor Technology Department, said that the reactors in operation do not need any technical adjustments to operate with plutonium fuel. He explained that the only difference is that more careful steps are necessary in introducing the fuel into the reactor and reloading the reactor core.

Andrade said that the use of plutonium is more attractive from an economic viewpoint. It can be mixed with natural uranium, thus replacing the enriched uranium.

He added that the reprocessing of waste is an essential step for feeding the fast breeder reactors Brazil intends to build through the CNEN and the CTA [Aerospace Technology Center].

He explained that the quantity of plutonium obtained from those reactors through the generation of energy is up to 50 percent more than the quantity of plutonium that was originally fed to them. This happens because plutonium is created through the irradiation of uranium-238 with neutrons inside the reactor. Uranium-238 is the isotope with the highest occurrence.

Oversight of Nuclear Programs Examined

PY1809023090 Rio de Janeiro O GLOBO in Portuguese 16 Sep 90 p 39

[Recorded by Monica Medeiros]

[Text] Brasilia—Civilians are still ignoring what is really happening with the nuclear projects being developed in Brazil despite the fact that the Constitution sets forth that Congress should follow and supervise everything done in this area. Almost two years after the promulgation of the Constitution, this important privilege, which was established to give society control and decision-making power in the area of nuclear programs, has not yet been enforced.

Pro-environment Deputy Fabio Feldman (PSDB [Brazilian Social Democracy Party]-Sao Paulo), however, has sponsored some initiatives this year. Feldman is one of the lawmakers who has most fervently fought to get nuclear activities under the control of Congress and scientists. None of his initiatives, however, have resulted in concrete measures, due either to political reasons or technical difficulties.

First, there is a legal problem: The new Chamber of Deputies regulations, which were drawn up last year, do not provide for this new congressional power. The congressional regulations (for the Senate and Chamber of Deputies) have not even been updated since the promulgation of the Constitution. As a result, no procedures have been established for congressmen to follow nuclear activities in Brazil, much less has any institutional instrument been designed to this effect.

On 28 May 1990, Deputies Feldman, Luiz Henrique da Silveira (PMDB [Brazilian Democratic Movement Party] - Santa Catarina), and Lourdinha Savignon (PT [Workers Party] - Espirito Santo) delivered to Congress President Senator Nelson Carneiro a note requesting the creation of a mixed commission (of senators and deputies) that will design the necessary procedures and institutional instruments to urgently comply with the constitutional mandate to permanently supervise everything dealing with nuclear technology.

They also asked for the designation of a group of congressmen to visit, as official congressional observers, the facilities of the Angra-1 power plant; the Aramar project, in which the Navy is developing a nuclear reactor for submarines; the nuclear dump in Goiania; and the Serra do Caximbo military base, where a nuclear testing facility is believed to have been built.

The note got stuck in bureaucratic procedures, or perhaps it was never even filed; three and a half months after its presentation, the Congressional Board has still not made any decision on the subject.

Feldman complained: Why are we still not overseeing the nuclear projects? Because this outdated congress is unfit to discharge its duties. It merely operates as an agency that endorses executive branch decisions. Congress does not exercise the powers that it established for itself.

He said that the current congressional committees cannot evaluate the situation in the area because of the committee members' lack of specific technical knowledge on the subject. According to him, the committee that should supervise the nuclear field should be made up not only of congressmen but also of scientists with the necessary technical knowledge to understand what is really being done.

On the other hand, the matter cannot be placed under a provisional committee because the Constitution sets forth that the area hold be under permanent supervision. Consequently, a specific mechanism must be created for this function.

Navy Looking for Dump Site for Nuclear Waste

PY1709182090 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 17 Sep 90

[Text] The Navy intends to select an island in the Brazilian littoral to store radioactive waste produced by nuclear submarines.

The site has not yet been determined, but it will be determined as soon as the country's submarine fleet begins to increase, something which, at the latest, should take place by the end of this decade.

This information was released by Rear Admiral Othon Luiz Pinheiro da Silva, chairman of the Navy Special Projects Coordinating Board [Coordenadoria de Projetos Especiais da Marinha].

Timetable For Upcoming Elections Established

PY1709210790 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 17 Sep 90

[Report by Iara Selva from Brasilia]

[Text] The Serpro [Federal Data Processing Service] has established a timetable for the upcoming elections.

Vote counting will (?begin) on 4 October, and it is expected that it will be completed in four days.

Under the coordination of the Federal District Regional Electoral Court [TREDF], the Serpro work timetable for the 3 October elections has already been completely established.

The schedule has also been organized by the Serpro in the other 14 states.

On 25 September, here in Brasilia, the electoral judges [juizes eleitorais] will be trained on the filling and routing of the documents [not further specified].

On 28 September, the votes counting system will be presented to the press at the First Regional Unit of Operations [Primeira Unidade Regional de Operacoes].

[Passage indistinct] this year the vote count will begin on 4 October at 0800 and it should be completed in four days.

The first [word indistinct], the TREDF will reserve an area for the press with a terminal giving the total vote count and, possibly, with information from other states.

The Serpro will also process the votes of 14 other states, representing a total of 73-percent of the national votes—that is, 61,984,786 votes.

The votes in the states with the largest number of voters will also be counted by the Serpro. They are: Sao Paulo State with 18 million voters; Minas Gerais State with nine million voters; Rio de Janeiro State with eight million voters; and Bahia State with six million voters.

Chile

FACh Communique Denies Report on Arms Sales

PY1709182990 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 17 Sep 90

[Text] The Chilean Air Force [FACh] has described as absolutely false an AFP report on an alleged arms sale to Iran.

Through an official communique, the FACh has denied a 14 September AFP cable datelined Canberra [Australia]. According to this report, the FACh sold F-5E and Hawker Hunter airplanes to Iran.

The FACh report states that the report is completely false because Chile has not sold airplanes to Iran or to any other country in the world.

Air Force on Failure To Commemorate 11 Sep

PY1709200190 Santiago Domestic Service in Spanish 1000 GMT 17 Sep 90

[Text] General Fernando Mattei, commander of the Chilean Air Force, was interviewed after the evangelical Te Deum Mass was held to mark Chilean independence day. He stated that the Chilean Air Force, FACh, does not commemorate 11 September because on that day in 1973 [date of the coup d'etat during which Pinochet came to power] it suffered no casualties on that occasion. He also answered criticism leveled by Julio Dittborn, chairman of the Independent Democratic Union, UDI, who said that Mattei invited Chilean President Patricio Aylwin to visit the Antarctic and the president selected the date for his trip.

[Begin recording] [Mattei] I invited the president to visit the Antarctic and the president chose 11 September.

[Reporter] Despite the commemoration?

[Mattei] Excuse me, what were we supposed to commemorate?

[Reporter] The anniversary of 11 September 1973.

[Mattei] How did the other branches commemorate it?

[Reporter] With a ceremony...

[Mattei] A mass.

[Reporter] Maybe...

[Mattei] A memorial mass to honor the dead. We suffered no casualties on that occasion. We hold a memorial mass for all our dead and all our martyrs on 1 November. Therefore, having had no fatal casualties during this period, how can we hold a mass for something that did not happen? [end recording]

Asked whether a turnabout was taking place, Mattei said that this is a political question that he did not intend to

answer. He said that his allegiance is to the fatherland, the government, and the Air Force.

Pinochet Says 'Plenty of Problems To Discuss'

PY1709190590 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 17 Sep 90

[Text] Army Commander in Chief Augusto Pinochet has pointed out that he has plenty of problems to discuss with President Aylwin.

[Begin recording] [Pinochet] ...and I have plenty of problems to discuss with President Aylwin. Thank you, ma'am. My pleasure, ma'am.

[Reporter] What problems?

[Pinochet] Army problems, Army problems, nothing else. Please. I will not say anything else. One question, and I have already answered it. That's it. [end recording]

Minister on Role of Military Institutions

PY1709203390 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 17 Sep 90

[Text] Secretary General of Government Enrique Correa has said that the government wants professional military institutions that are subordinated to the president of the Republic. He also repudiated the booing that greeted the defense minister during the preparatory military parade.

[Begin recording] [Correa] The government categorically and curtly repudiates the counterdemonstration staged against the defense minister and trusts that on the military parade day all participants, without any exception whatsoever, will respect the president of the Republic, of the president of the nation.

[Reporter] Minister, what is the government's position regarding the democratization of the Armed Forces?

[Correa] This idea does not figure in the program of the opposition alliance—much less among the government's goals. We basically want every state institution to play its own role: the military institutions to play a military role and the political institutions to play a political role. If the military institutions are to play their role they must be hierarchic institutions with a clear chain of command and without any mechanism for deliberation.

We want professional military institutions, completely dedicated to their functions. If they are to perform their functions they must be subordinated to the president of the Republic, through the defense minister, and subordinated to this chain of command. [end recording]

Regarding a meeting that President Aylwin will hold with General Pinochet on Thursday [20 September], Correa said that the chief of state summoned the Army commander in chief to convey to him some criteria regarding the recent events in which Pinochet was involved.

Terrorist 'War Expert,' Leader Arrested

PY1809013190 Santiago Domestic Service in Spanish 2200 GMT 17 Sep 90

[Text] The terrorist who was injured while preparing a bomb in the Lo Prado district is an accomplice of Sergio Buschmann. The bomb he was preparing was to have been used in an attack during Independence Day celebrations.

According to the police, the man—who is being held incommunicado—has been identified as Marcial Crisostomo Contreras, 33. He received military instruction abroad and is a war expert. Crisostomo is a high-ranking Manuel Rodriguez Patriotic Front agent who escaped from the Valparaiso prison with Sergio Buschmann in August 1987. Since then he has been in hiding using the name of Mauricio Gatica Navarrete, whose identification document he was carrying when he was arrested after the bomb he was preparing exploded and blew off one of his hands.

Crisostomo is being kept under strict surveillance, and it is expected that he will be questioned in the next few days.

Judge Orders Arrest of Retired Army Officer

PY1409154490 Santiago Domestic Service in Spanish 1100 GMT 14 Sep 90

[Text] Judge Eduardo del Campo Riofrio has indicted Army General Alejandro Medina, retired, on charges of allegedly slandering the president and his ministers. Responding to questions, Interior Ministry lawyers said that the judge made the decision after a request to prosecute the retired officer was presented. The judge's resolution ordered Medina's arrest.

The Interior Ministry began legal action some time ago against the retired officer, who during a press interview said that the attitude of President Aylwin and his ministers who attended the funeral of late President Salvador Allende was hypocritical.

Communist Youth Leader Gets Telephone Threats

PY1709220990 Santiago Domestic Service in Spanish 1000 GMT 17 Sep 90

[Text] The Communist Party Youth movement has reported that its leader, Gladys Marin, has been receiving telephone threats. The movement has linked these threats to the campaign that it has promised to carry out against General Augusto Pinochet, the Army commander in chief.

The movement issued a communique stating that a woman telephoned the headquarters of the Communist Party Central Committee saying: If Gladys Marin goes ahead with her campaign against Pinochet, we will take measures and they will have to face the consequences.

The Communist Party Youth has strongly protested these threats and has accused supporters of the former president and members of the disbanded security forces of making these threats.

The Communist Party reiterated that it will continue to ask for the removal of Gen. Pinochet from his post of commander in chief of the Army on the grounds that he is responsible for violations of human rights during the military regime and that he is today's main obstacle for the development of the democratic process.

Colombia

U.S. Asked To Respect Prisoners' Rights

PA1709134990 Bogota Radio Cadena Nacional in Spanish 1200 GMT 14 Sep 90

[Text] Bogota—The Colombian Foreign Ministry has reported that it asked the U.S. Government to respect the human rights of Carlos Ledher Rivas and other Colombian citizens who are serving sentences in U.S. jails. The Foreign Ministry presented this request after a Colombian consul in the United States verified that the conditions under which Ledher is being kept are precarious.

Colombian Consul to Chicago Rafael Vanegas visited Carlos Ledher at the Maximum Security Marion Prison. Vanegas verified that the conditions of Ledher's prison are not the best. Vanegas listened to Ledher's complaints, especially his complaints regarding his trial.

After his visit to the prison, Vanegas said that Ledher is allowed to go out in the sun for five hours a week and he is allowed to visit the dentist. He is also allowed to use a typewriter sometimes; however, he does not have either a chair or a table, so it is difficult to use the typewriter.

Through Consul Vanegas and the Foreign Ministry, the Colombian Government sent a note to the U.S. Government requesting respect for Carlos Ledher's human rights and for the rights of the other Colombians serving sentences in U.S. prisons. Consul Rafael Vanegas said: We have not yet received a reply to our official request.

ELN Denies Responsibility for Missing Reporter

PA1709212090 Bogota Inravision Television Cadena 1 in Spanish 0100 GMT 16 Sep 90

[Text] The Army of National Liberation [ELN] denied today that it is holding Diana Turbay, director of the HOY POR HOY magazine. In an open letter addressed to former president Julio Cesar Turbay Ayala and to the Cripton newscast, the ELN states that it is not responsible for whatever is happening to Diana Turbay and the five-member news crew.

The other directors of HOY POR HOY have no knowledge concerning the whereabouts of Diana Turbay and news crew despite the fact that a local newspaper published yesterday on its front page that the daughter of former president Julio Cesar Turbay Ayala could be in the hands of Medellin Cartel's chief Pablo Escobar Gaviria. The magazine that Diana Turbay directs is devoting its next cover story to her disappearance. In an editorial, the magazine says that a reasonable amount of time has passed since she and the news crew disappeared and that concern about her is justified; therefore, they are bringing the case into the open.

However, this evening, through a communique addressed to the Turbay family, the ELN said that it is not holding Diana Turbay Uribe or the rest of the news crew. The communique adds that they are not responsible for whatever is happening to the group.

Battle Reports for 20 August - 11 September

PA1409165090

[Editorial Report] Bogota EL TIEMPO in Spanish on 20 August reports that the Army of National Liberation (ELN) ambushed a military patrol of the 4th Brigade in Antioquia and kidnapped five soldiers of the Nutibara 5th Infantry Battalion. Four were later released later. The guerrillas staged the ambush in the townships of Carmen del Atrato and Ciudad Bolivar on the borders of Choco and Antioquia. The soldiers wounded three guerrillas.

Paris AFP in Spanish at 0212 GMT on 31 August reports that one policeman was killed and four were wounded during a guerrilla attack in the north central part of Colombia on 30 August. The guerrillas of the ELN set off two dynamite charges as a vehicle transporting policemen passed near Barrancabermeja in Santander province. In the ensuing shootout, one of the soldiers was killed. The guerrillas fled and are being pursued by combined police forces and 5th Army Brigade troops.

Madrid EFE in Spanish at 2139 GMT on 4 September reports that ELN guerrillas attacked two Colombian Army helicopters in San Pablo, in Bolivar Department in the northwestern part of the country. The report cites a Colombian Caracol station report that Army aircrafts were engaged in an operation to track down guerrilla columns in that part of the country. Juan Rodriguez, a technician, was wounded in a leg. After several minutes, one of the helicopters landed at an army base in the region.

Mexico City NOTIMEX in Spanish at 2142 GMT on 5 September reports that guerrillas of the ELN blew up a stretch of the Cano-Limon-Covenas oil pipeline, which is the country's most important pipeline. Colombian Petroleum Enterprise (Ecopetrol) spokespersons said the attack was staged at kilometer 170 between the departments of Norte de Santander and Arauca, 330 km northeast of Bogota. Ecopetrol suspended pumping operations in order to assess the extent of the damage caused. Since 2 July, the ELN had not been attacking the pipeline, which pumps 108,000 barrels per day.

Bogota Radio Cadena Nacional in Spanish at 1200 GMT on 8 September announces that Ecopetrol crews are

repairing the damage caused to the Cano-Limon-Covenas oil pipeline. The ELN guerrillas staged the attack, which was the second in 48 hours, at kilometer 106, near the town of Bojaba, between the border of Boyaca and Arauca.

Bogota EL TIEMPO in Spanish on 6 September reported that guerrilla Henry Delgado was killed during a clash between troops from the Nueva Granada Battalion and the ELN's Capitan Parmenio group. The clash took place in Santa Helena, Santander Department, and the Army seized one revolver, one grenade, camping equipment, and ELN propaganda.

Madrid EFE in Spanish at 0035 GMT on 11 September reported that four members of the pro-Communist Revolutionary Armed Forces of Colombia (FARC) were killed and one soldier wounded during clashes on 10 September in El Bordo Municipality, Cauca Department, when a FARC column attacked a combined Army and police group patrolling the area. The Army seized radio communications equipment and several rifles from the FARC.

Paraguay

Plane Carrying 300 Kg of Cocaine Crashes

PY1709202090 Asuncion RPC Television Network in Spanish 1545 GMT 17 Sep 90

[Text] In the extreme north of the Paraguayan Chaco, 15 km from the [Bolivian] border, 300 kg of cocaine worth an estimated $10 million has been found. The cocaine was being transported in a Cessna-210 that crashed in the border area at 1400 on 13 September.

This is the largest amount of cocaine ever seized [not further specified], including the seizures that took place in 1987. In that year 288 kg was taken from the son of Colonel Paredes, 125 kg was seized from Erich Bunte in Brussels, and 250 kg was seized in the Galuchi case, when a plane crashed in Salta Province, Argentina.

Dinar [National Narcotics Directorate] officials, judges, military men, and the U.S. and Bolivian ambassadors inspected the crash site. The owners and destination of the cargo have not yet been determined, nor has it been determined whether it is a Medellin Cartel route or one used by Bolivian or Peruvian traffickers. The exact value of the cargo will be determined when laboratory tests are carried out.

President Comments on Drug Seizure

PY1709220490 Asuncion RPC Television Network in Spanish 1545 GMT 17 Sep 90

[Excerpts] President Andres Rodriguez dedicated the Ciudad del Este regional health center this morning. [passage omitted]

At the conclusion of the inauguration ceremony in Ciudad del Este, the president was interviewed by the press. He highlighted what the health center means for the area and also addressed other topics.

[Begin recording] [Passage omitted] [Reporter] Mr. President, moving on to another topic. Once again a plane carrying a load of drugs has crashed in our country. What measures will be taken by the government regarding these repeated incidents?

[Rodriguez] We have a commitment with nearly all Latin American countries and countries on other continents to help eradicate—and as I have said, if possible to eradicate from our countries—drug traffickers and to eradicate the use of narcotics, which does so much harm to humanity. It is the terrible risk of drug consumption that all of us are confronting throughout the world.

As for these drug traffickers, they are shameless. As I have said, I believe that the full weight of the law must be brought against them. Since they do not respect any borders, we must not allow the law to serve as a border, stopping us from implacably cracking down on them. [passage omitted]

[Rodriguez] I am very happy about the first question you posed to me on the foreign plane that crashed near our border. This report is true. I received the report a few days ago, but I first wanted to be certain about the report. I did not want to make a false report; this is why I did not announce the news to you, the people responsible for disseminating true reports.

A small plane crashed on the border due to a malfunction or a shortage of fuel. Colleagues of yours are taking photographs and investigating at this very moment. I have sent them in a special plane to the site of the incident. We have seized no less than 300 kg of crystalline cocaine. There are 10 bales of crystalline cocaine weighing 31, 30, and 42 kg each. Can you imagine how many innocent people could have been poisoned with that amount, regardless of its destination? Human beings were going to be poisoned with that product. This has given me great happiness today and throughout the week.

[Reporter] Mr. President, do we know where these drugs were produced?

[Unidentified speaker] Bolivia.

[Rodriguez] Yes sir, in a place called [word indistinct] Santana. It came from that laboratory. Thank you. [end recording]

Medellin Cartel Implicated

PY1809040490 Asuncion Cerro Cora Sistema Nacional de Television in Spanish 2330 GMT 17 Sep 90

[Excerpts] An operation in the Chaco region today resulted in the seizure of 323 kg of pure cocaine. A military detachment headquartered in Gabino Mendoza, 30 km from the Bolivian-Paraguayan border, found a

single-engine airplane carrying the drug. The plane reportedly landed due to mechanical failure.

General Ricardo Rojas Ortiz, commander of the III Corps, explains what happened with the airplane in question.

[Begin Gen. Rojas recording, in progress] ...the former Parque Cue airstrip is located in Paraguayan territory, 30 km from the Bolivian-Paraguayan border.

On 13 September, the commander of the military detachment sighted a plane that was apparently experiencing mechanical trouble—that is, the plane was experiencing an emergency. He took a vehicle—a 200-kg jeep—and went to the area over which the plane was flying. In fact, the plane did make an emergency landing next to the former Parque Cue airstrip. The plane virtually landed on the road that leads to the border. [end recording]

According to General Rojas, no one was apparently injured in the plane accident. After the plane landed on its fuselage, the Army immediately established a guard at the site and carried out a dragnet operation in the area to find the plane's passengers.

General Rojas Ortiz added:

[Begin recording] I later sent a vehicle to transport the cargo. Of course, I immediately informed the commander in chief through the proper channels.

We later made all the proper investigations; we carried out an investigation. After this was done, we reported the incident to the National Narcotics Directorate [Dinar]. Dinar then followed the proper procedures and later went to the site of the incident.

This is how we ended up here today to deliver this cargo in the presence of a judge and in keeping with the court's authorization. [end recording] [passage omitted]

Regarding the possible number of passengers on board the plane, General Rojas Ortiz said it was not certain.

[Begin recording] [Rojas Ortiz] I do not think there were more than two passengers.

[Reporter] Where did it come from and where was it going? Is this already known?

[Rojas Ortiz] According to reports supplied by the military detachment, it was coming from Bolivia.

[Reporter] Do flights take place frequently in this area?

[Rojas Ortiz] No, not under these conditions. We control the airspace in this region in cooperation with the Air Force. But this does not happen frequently. [end recording]

The Dinar director was also in the Chaco region this morning. Police Inspector Fulvio Almada said that a similar incident took place two years ago when a plane carrying 268 kg of pure cocaine crashed. Regarding the value of this cocaine shipment, Almada said:

[Begin recording] [Almada, in progress] ...well, about $6 or $7 million in the United States.

[Reporter] That is its present value, but it would increase in value after being divided up for the market, wouldn't it?

[Almada] Exactly. Traffickers increase the value by 20 or 30 times with chemical products.

[Reporter] Does Dinar have any idea whether drug trafficking is a frequent occurrence here or whether Paraguay was used as transit country in this case?

[Almada] Because of the plane's characteristics and the flight range it still had left, I believe it was probably lost or was experiencing engine problems. The plane was still able to fly about three hours more; it had enough flight time left to get out of the country. [end recording]

The coordinator of this operation has reported that Dinar will now contact Bolivian authorities. General Marcial David Samaniego Ocariz has said that this is a Bolivian plane and that its passengers seemed to have escaped to the border. The Gabino Mendoza region is believed to be a very dangerous area, and it is therefore believed that the outlaws will be unable to escape to Bolivia. [passage omitted]

The cocaine cargo seized from the plane that suffered an accident near the Bolivian-Paraguayan border reportedly belongs to the Medellin Cartel, the most powerful drug trafficking ring in Latin America.

According to U.S. drug experts investigating the case, the shipment has some characteristics that led to the belief that the cocaine belongs to the Medellin Cartel. The 323.4 kg found in the Chaco region are very pure. According to tests carried out on the cargo at Dinar laboratories, the cocaine is 97-percent pure.

The cocaine, which could be worth $100 million in European consumer markets, will be burned tonight at the Dinar office in front of members of the Cabinet and the Supreme Court and other officials.

Peru

Transport Minister Returns From Paraguay

PY1709214190 Lima Television Peruana in Spanish 1100 GMT 17 Sep 90

[Excerpt] Transport and Communications Minister Eduardo Toledo Gonzalez has announced that the National Highways Construction and Repair Program will be launched next week. He also talked about the program of South American integration through trans-Andean corridors. These points were announced by Toledo Gonzalez upon his return from Asuncion where he attended the 17th Meeting of Transport Ministers.

[Begin recording] [Toledo] It was a very important meeting in which we studied transport integration in depth. We also reached very important political agreements. We spent quite some time discussing the problems affecting freight and passenger transport in the Southern Cone. We also discussed insurance and customs problems. Various technical commissions have been working on this issue for years, and now we have reached very specific agreements affecting ground transport in Latin America.

We also agreed on some important goals, like the need to implement the railroad corridor linking Santos with Matarani, a corridor linking Matarani with Buenos Aires, and other corridors in the south like those linking Chile with Argentina, and Paraguay with Chile. Uruguay is also involved in this network.

The representatives expressed the political will in the Southern Cone to build these corridors. We are able to proceed beyond the Fifth Century Agreement that was proposed by Spain. This is a $500 million program that will be financed by Spain.

We have also agreed to invite Cartagena Agreement ministers to participate in Southern Cone meetings as observers or special guests. Similarly, Southern Cone ministers will participate in Cartagena Agreement meetings, also as special guests. We will then be able to agree on procedures and broaden the framework of friendship and communications through which the transport ministers are helping the integration process.

[Reporter] Will Peru partipate in these railroad and highway projects?

[Toledo] Of course, we have the Libertadores Corridor linking us with Argentina. This is a main railroad corridor. We are also participating in a railroad corridor linking us with Sao Paulo and Santos. Under this project, Matarani and Santos will be linked by railroad, and there will be a branch line to Cochabamba and Santa Cruz. [passage omitted] [end recording]

Shining Path Group Attacks Prison, 2 Die

PY1709223990 Madrid EFE in Spanish 1812 GMT 16 Sep 90

[Text] Pucallpa, Peru, 16 Sep (EFE)—It was reported here today that at least 30 prison inmates, including some prisoners being tried for subversion, escaped from a maximum security prison in the Peruvian jungle on 15 September following a terrorist attack that resulted in the deaths of two policemen.

The National Police have said that a group of nearly 50 alleged terrorists of the Maoist Shining Path used dynamite and automatic weapons in their attack on the "El Sepa" prison, on the banks of the El Sepa river in the jungle.

The National Police added that according to the first report issued by prison officials, 30 prisoners escaped under the protection of darkness and the confusion created by the shoot-out that resulted in the death of police officers Edgard Loro and Juan Carbajal.

According to a military bulletin, a combined Army and police force has captured various presumed Shining Path leaders in the jungle province of Huanaco, 450 km northeast of Lima.

According to the report, the security forces have "disbanded the main Alto Huallaga death squads headed by Juan Romell and Maria Ramos. These terrorists had killed three mayors, two police officers, and 76 humble peasants whom they accused of being informers."

The armed struggle that was launched by Shining Path in 1980 has resulted in at least 21,000 deaths and $18 billion in damage, the equivalent of six months of exports.

Venezuela

Perez on Oil Revenue Surplus, Extra Credit

PA1809032890 Caracas Venezolana de Television Canal 8 in Spanish 1600 GMT 17 Sep 90

[Text] During the inauguration of the 51st meeting of governors of central banks of Latin America and Spain today, President Carlos Andres Perez denied reports that multilateral organizations will cut Venezuela off from receiving additional lines of credit because of the surplus revenues that our country will obtain as a result of the oil price increase.

Before governors of central banks of Latin America and Spain, President Perez warned about the Iraqi-Kuwaiti conflict and its effects on the developing countries, such as the ones in Latin America. Perez added that Mexico and Venezuela have commitments within the San Jose Pact. They will study the situation and the consequences that a general price increase caused by the increase in oil prices would have on the beneficiaries of the pact. Perez said that this increase also threatens the successful renegotiation of Mexican and Venezuelan foreign debts because the lack of loans could affect the slight economic improvement made by these two countries thus far. Regarding this, President Perez vigorously denied that multilateral organizations are implementing credit cutbacks against Venezuela. However, Perez said that the situation is not easy.

[Begin Perez recording] We cannot waste a special opportunity like this. With the experience of the Latin American central banks, the Latin American Integration Association organizations, the Economic Commission for Latin America, and the DIR [expansion unknown] all represented here, you will be able to examine the situation of the countries that are renegotiating their debts, now that we are seeking and needing foreign investment in our countries. In order to promote foreign investment, we have gotten rid of old prejudices and created important incentives to attract it. [end recording]

Guyana

Opposition Blames PNC for Attack on Youths

FL1809004690 Bridgetown CANA in English 2239 GMT 17 Sep 90

[Text] Georgetown, Guyana, Sept 17, CANA—Following an attack by a group of youths on an anti-government demonstration here on Sunday, opposition groups are pointing accusing fingers at the ruling People's National Congress (PNC) but a senior PNC official denied his party was responsible.

The march through Albouystown, a depressed ward in the city, was organised by the anti-government pressure group, Guyanese Action for Reform and Democracy (Guard), which has been waging a campaign for electoral reform and free and fair elections. The march was broken up when the group of youths blocked the street and attacked the marchers with bottles and stones and threw dirty water on them. During the incident, Sister Doreen Rowtie, a nun with the Roman Catholic Church here and secretary of Guard, received a cut on her head that took five stitches.

The windscreens of her car were smashed and some equipment including an amplifier and a loud speaker, were also stolen while several other marchers were hit by flying missiles, Guard spokesmen said.

Guard's coordinator N.K. Gopaul told CANA he was convinced that incident was orchestrated by the PNC.

The opposition Working People's Alliance (WPA) also accused the ruling party. In a statement Monday condemning the incident, the WPA said it would not be surprised if the persons who broke up the march "turn out to be members of the secret army being prepared by the ruling party".

But Malcolm Parris, executive secretary of the PNC, told CANA the PNC was in no way connected to the incident and "certainly did not and would not plan or encourage violence".

"The PNC has nothing to gain by violence. We have kept the peace and the peace we have restored and maintained over the years is a major plank for this party," Parris said.

Acting Commissioner of Police Laurie Lewis told CANA Monday police were investigating the incident but had not yet made any arrests or recovered any of the items reported stolen.

"We are viewing this matter very seriously...," he said. "I am not going to condone violence in any form from anybody... People must be able to go about their legitimate political business." He denied Rowtie's allegations that policemen who were on the scene at the time ran away.

"The police did not run away. I am very concerned about that report. It is not true. Assistant Superintendent Raghubir who was there, for example, got a full share of the filth that was thrown on the people", Lewis said.

He said he was also concerned about reports he received that the people of the Albouystown area might have been provoked by the marchers chanting anti-government slogans. He said parties and groups are free to mobilise and to encourage people to come out and support them but should try to avoid "taunting people and that sort of thing".

Gopaul said while there might have been some anti-government chanting by marchers passing through Albouystown, as was the case in at least one of two other Guard marches, it was very evident to him that the breaking up of the march was pre-planned.

"There was no question of people being provoked because it seems as if the thing was well orchestrated. The road was blocked effectively beforehand", Gopaul said.

In its statement, the WPA called on the police to make an official statement on the matter.

"The right of the citizens of whatever persuasion, to freedom of assembly, must be preserved at all times and, in particular, in a season leading up to the ritual of an election which we are insisting must be held in an atmosphere free from fear. This is now a dim possibility", WPA said.

It said since the route of the march was known to the police and approved by them, "failure of police protection for the marchers is a major violation of law and order and must be held against the authorities".

Sunday's was the second major reported election related incident of violence.

The first was recorded in early July when the PNC alleged that one of its activists was badly beaten and left for dead on the roadside on the Essequibo Coast. The PNC blamed the opposition People's Progressive Party [PPP] for that incident but the PPP denied being responsible.

Army Destroys Ganja Field in Joint Operation

FL1709125190 Bridgetown CANA in English 2205 GMT 15 Sep 90

[Text] Georgetown, Guyana, Sept 15, CANA—Guyana's Security Forces say they destroyed a four-acre plot of marijuana in a joint land and air operation this week. The operation involved soldiers from the Special Forces Batallion of the Guyana Defence Force (GDF) using ropes tied to a hovering helicopter to jump into the marijuana field which was surrounded by members of the police narcotics branch.

An official statement on the operation carried out in a densely forested area known as Richmond on the Demerara River, some 45 miles south of here, said the field was sighted during routine flying operations by the GDF Air Corps. The four-acre plot had about 5,000 two to four-month old marijuana plants and narcotics officers estimate the street value of the plants at about one and a quarter million dollars (one Guy dollar = 2.2 U.S. cents). No one was captured during the raid but foodstuff and clothing found in three thatched sheds, apparently used as dwelling places, were also destroyed.

This week's haul was one of the largest made this year by the police who recently received a quantity of equipment from the United States Government for their stepped up anti-drugs campaign.

Suriname

France Denies Surinamese Army, Rebel Talks

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[Text] There has been a denial from France of an announcement of forthcoming talks in Paris between Surinamese Army Commander Desi Bouterse and the leader of the rebel Jungle Commando Ronnie Brunswijk. It was a member of the Surinamese Government who made the announcement on an interview broadcast on Sunday. The Netherlands Foreign Ministry in the Hague acknowledges that in the past it has appealed to France for mediation in the conflict but the ministry spokesman said no such request had recently been made.